



Implementation Feasibility Analysis

For the

“Land Use and Economic Development Plan for the Murchison Road Corridor Study”

May 30, 2008

For the

City of Fayetteville

February 13, 2009

Prepared by

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REAL ESTATE DEVELOPMENT/ACQUISITION CONSULTANT

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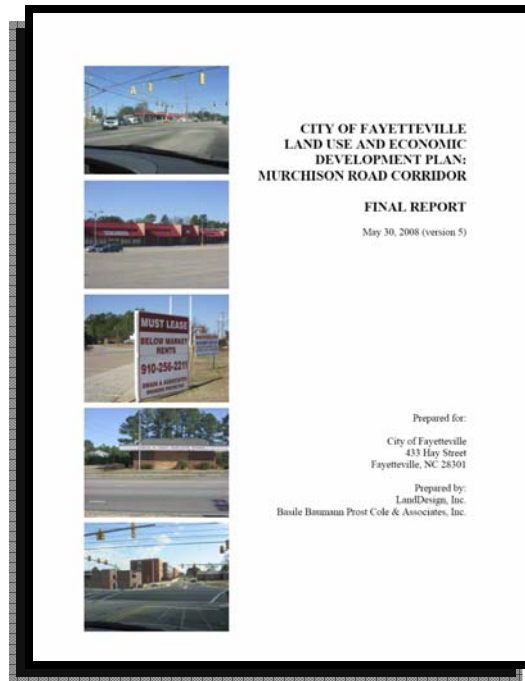
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I. INTRODUCTION



This study follows the report “City of Fayetteville Land Use and Economic Development Plan for the Murchison Road Corridor” prepared by LandDesign, Inc. in partnership with Basile Baumann Prost Cole & Associates. The Murchison Road corridor as defined in this report and shown in Exhibit 1, runs from Rowan Street to the south, to the intersection of the planned Outer Loop or Fort Bragg to the north. It is further defined in Exhibit 1. The LandDesign report shall be referred to in this study as the “Development Plan”. It provided among other things, an analysis of the strengths and weaknesses, a market analysis, and potential uses for nine (9) “Catalyst Sites” in the Murchison Road corridor. The Catalyst Sites are identified in Exhibit 2. More details on the recommendations in the Development Plan will be provided in Section III. The objectives of this study are to focus on implementation feasibility. This study will define specific development concepts based on the recommendations of the Development Plan and

based on discussions with major land and business owners; to demonstrate economic feasibility of the recommended concepts; and to define public economic incentives necessary to make the proposed development attractive to developers.

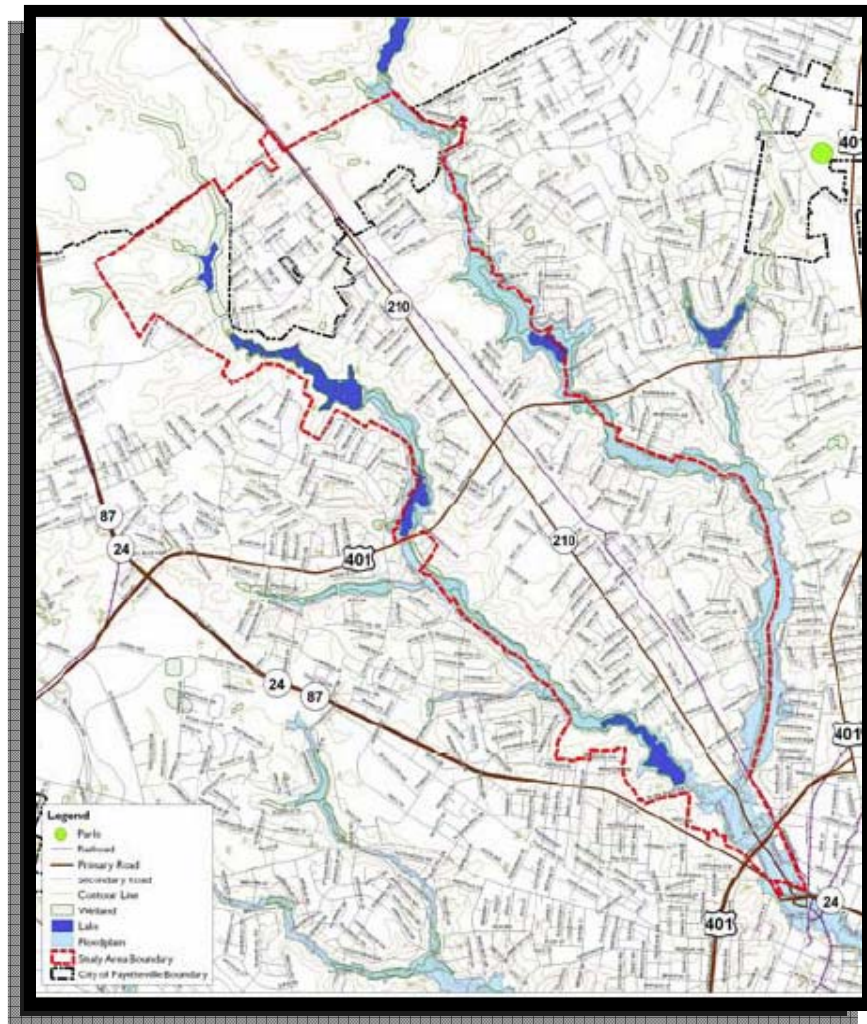


EXHIBIT 1

This study is a product of tasks performed by Marshall Isler, a real estate development consultant, pursuant to a Consulting Agreement with the City of Fayetteville. Under the general scope of services of this agreement, the Consultant provides economic development services to the City of Fayetteville in support of its downtown development goals. The first task is to work with the

property owners, community stakeholders, city staff and other city consultants to develop real estate development concepts and implementation strategies, recruit developers, and structure public-private partnerships as may be necessary to implement the recommendations of the Development Plan. Specifically, the Consultant was tasked to address Catalyst Sites #1, #3, and #6 of the nine Catalyst Sites identified in the in the Development Plan. This Study addresses Concept Formulation and Feasibility Analysis for the assigned 3 Catalyst Sites.

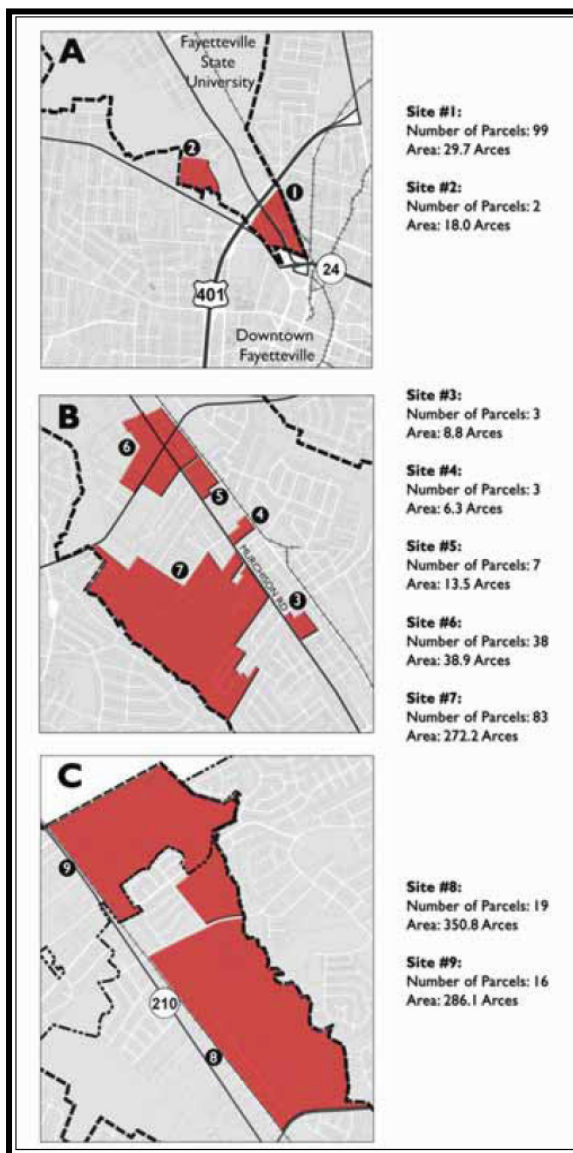


EXHIBIT 2

The subtasks call for the Consultant to:

1. Prepare inventory of property owners and tax value for all land in site;
2. Identify and meet with key property owners;
3. Determine owners' feelings on concept options, and their desire to develop, sell, participate in development of property, or to do nothing;
4. Identify and assess potential Developer interest;
5. Select the concept most desirable by community stakeholders but consistent with the market and other recommendations of the corridor study; and
6. Identify applicable public and private financing programs and eligibility requirements.
7. Evaluate the prospective development site for selected concept with respect to land topography, flood plane, environment, local zoning and restrictions, access and surrounding area;

8. Prepare design program consisting of number, size, mix, pricing, and design characteristics of structures;
9. Work with an architect to prepare conceptual site plans demonstrating size of structures and parking capacity;
10. Prepare financial analysis consisting of development of hard and soft cost estimates, development budgets, pro-formas, cash flows, and financing approaches with potential sources; and
11. Based on the financial analysis, prepare viable financing scenarios illustrating required gap financing if any, and sources of financing, and an appropriate role for the city necessary for project feasibility.
12. Prepare final report.

II. EXECUTIVE SUMMARY

The three Catalyst Sites addressed in this study contain 134 parcels, of which the Consultant determined that 76 were crucial to any development efforts. The Consultant interviewed 24 individual property and business owners representing 58 of these parcels. At these meetings the Consultant reviewed the Development Plan and the potential impact on their property or business. In nearly all cases there were positive responses to the city's redevelopment efforts. However several businesses would have to relocate and must be accommodated in future planning. V-Point Grocery, an institution in the southern Murchison Road area (Catalyst Site #1) wishes to stay in the community and would be interested in participating in any planned shopping center in the area. Payne Funeral Home also in Catalyst Site #1 would locate on property they already own on Murchison Road across from Fayetteville State. Businesses in Suburban Mart and the adjoining building at Jasper Street (Catalyst Site #3) would also have to be accommodated. Due to the planned connector roads at Murchison and Pamalee (Catalyst Site #6), Weathers Moving and Storage and Adams Concrete Products would have to move.

The interviews also identified a major property owner in Catalyst Site #6 who is interested in participating in the development of a shopping center. The Consultant has introduced him to a large North Carolina shopping center developer who also owns property in the area. The Consultant has also initiated discussions with other potential developers.

Based on the recommendations on Development Plan, the interviews with affected property owners and businesses; an evaluation of the physical attributes on the sites, and planned roadway changes; and technical advice from the Consultant's Architect, the development concepts in Exhibits 3, 4, and 5 have been prepared. Exhibit 6 is a summary of the proposed projects and required financing. Collectively the concepts provide a total of 165,460 SF of retail space including accommodating V-Point Grocery and all the potential displaced businesses at or near Suburban Mart. The Development Plan projects a short term (5 years) demand of 34,000 SF and an additional 117,000 SF long term

(10 years). The concepts also accommodate the displaced day care near Suburban Mart. The concepts provide for 45,384 SF of office space as compared to the projected demand of 93,000 SF short term and an additional 150,000 SF long term. The development concepts include 114 residential units as compared to the projected demand for 110 short term and an additional 135 long term. While a hotel is projected in the Development Plan as a long term proposition, one has been included as a carry-over from an earlier aborted project (Fayetteville State Business Park) in the southern Murchison Road area. In addition to these projects, the development concept for Catalyst Site #1 includes the clearing of the floodway on the west side of Murchison Road in order to provide a greenway link between MLK Park and the planned Veteran's Park.

The Consultant recommends that the initial role of the city be that of a land developer. The city would acquire property, relocate occupants, demolish and clear sites, and reconstitute parcels for the purpose of resale to project developers. The estimated acquisition, relocation, and clearing costs for the development sites including the greenway on the west side of Murchison Road, is \$3.6M. This assumes NCDOT will purchase that portion of Catalyst Site #1 in the right-of-way of the planned bridge and traffic circle construction.

The total value of the projects is about \$54.7M requiring a private investment of \$5.5M in equity and \$42M in debt. In order to make these projects financially feasible the Consultant recommends city participation in the form of land purchase loans to developers totaling \$243,960, land acquisition writedowns and grants of \$1.3M, and demolition and clearing contribution of \$180,000. In addition, it is proposed that the city make subordinated development loans in the amount of \$1.32M for gap financing for the two shopping centers in Catalyst Sites #1 and #3. Also in these two sites, the Consultant recommends rent subsidies in the amount of \$1.35M for the relocating businesses in order to ease the transition from existing depressed rents to the market rate rents required to support the new developments. Likewise, the Consultant recommends second mortgages for the homebuyers in the total amount of \$2.26M to create affordable homes for low and moderate income families.

The total estimated city investment is \$8.5M over a 14 year period with about \$5M required during the first 5 years. In return over a 25 year period, the city will receive \$5.9M in loan payments, and \$6M in property taxes for a total of nearly \$12M. This plan will also create 646 permanent and 388 full time equivalent construction jobs, and add 44 affordable housing units to the local housing inventory. It will remove blight and spur the economic redevelopment of the Murchison Road Corridor.

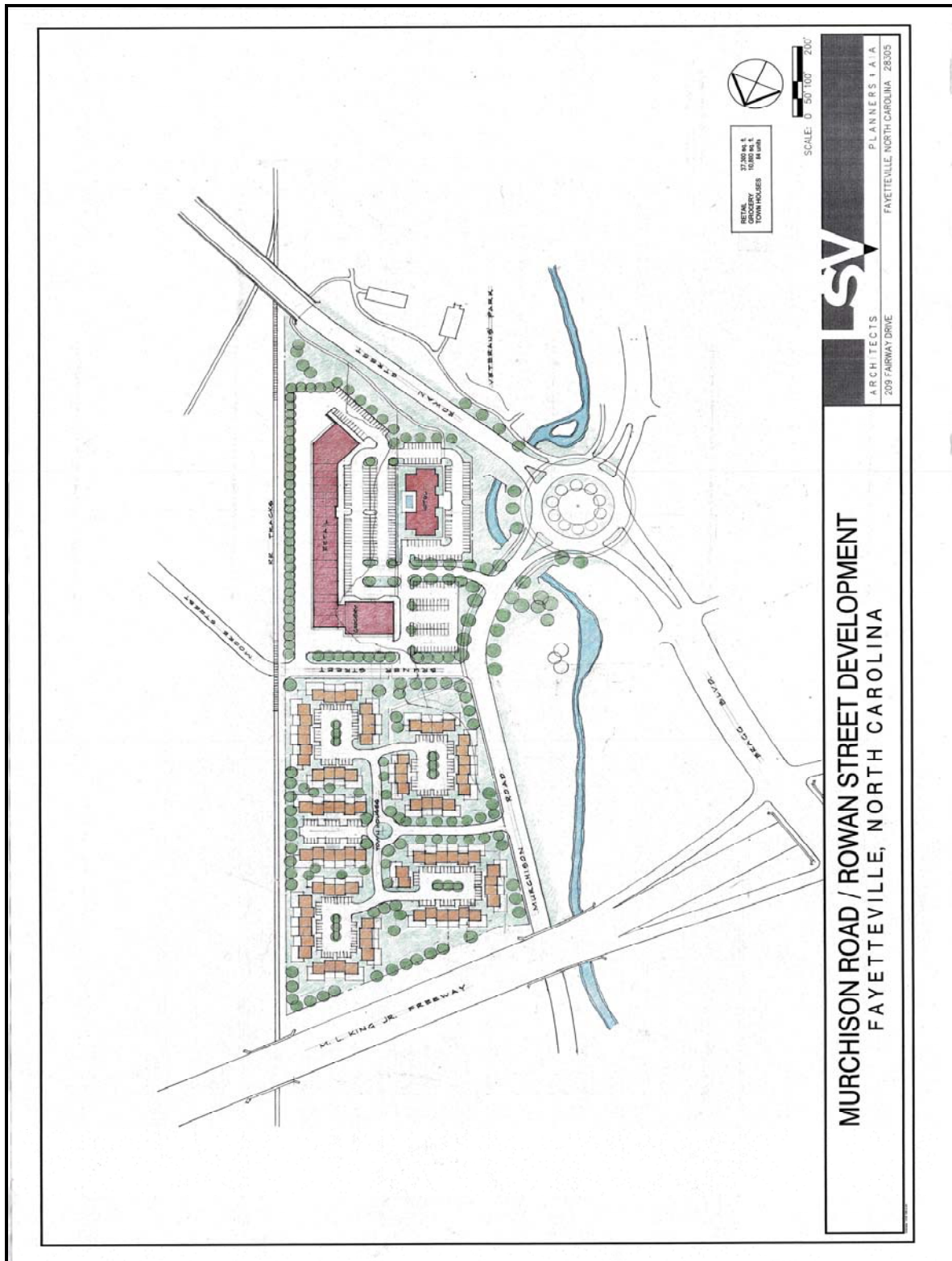


EXHIBIT 3

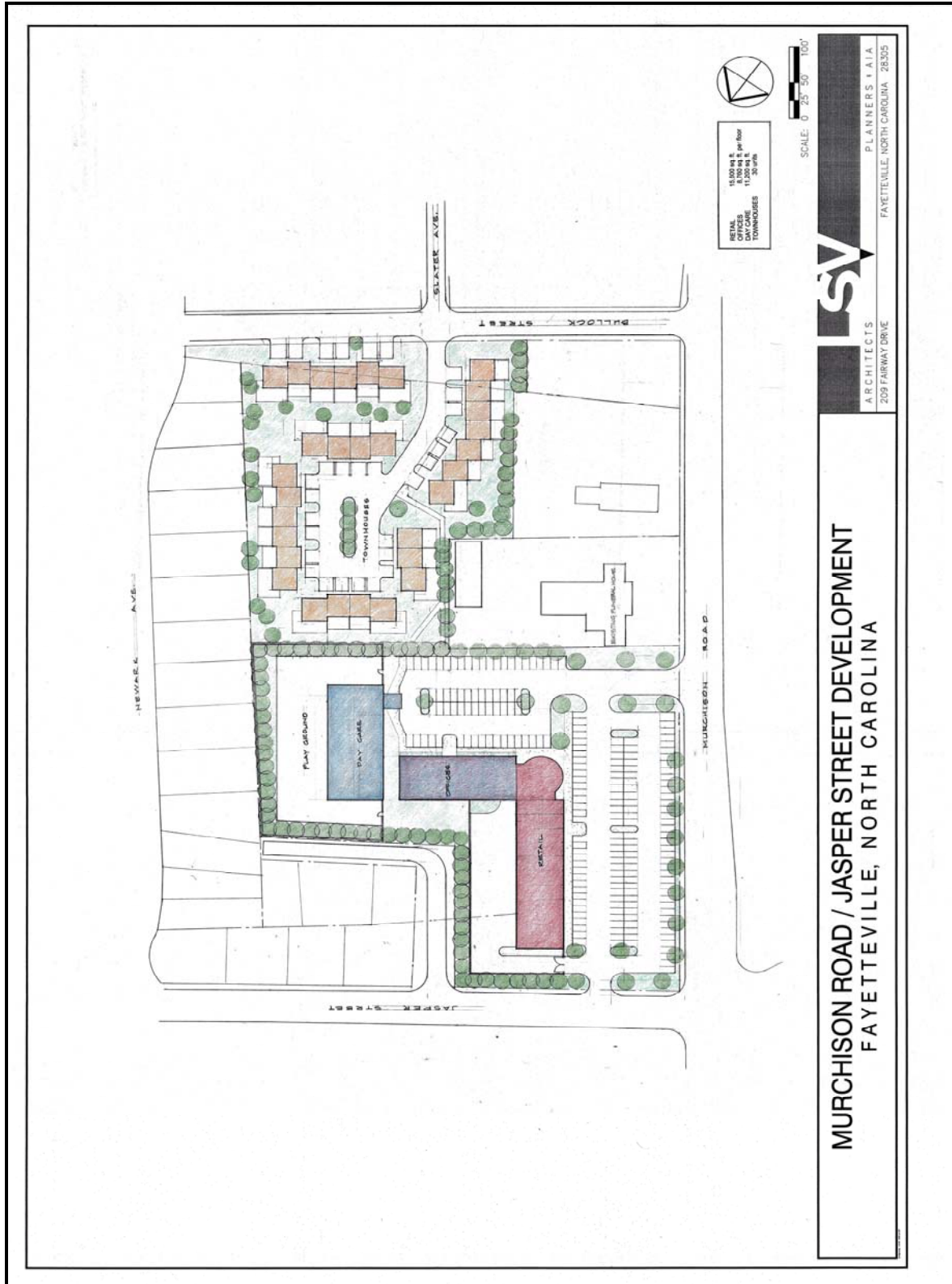


EXHIBIT 4

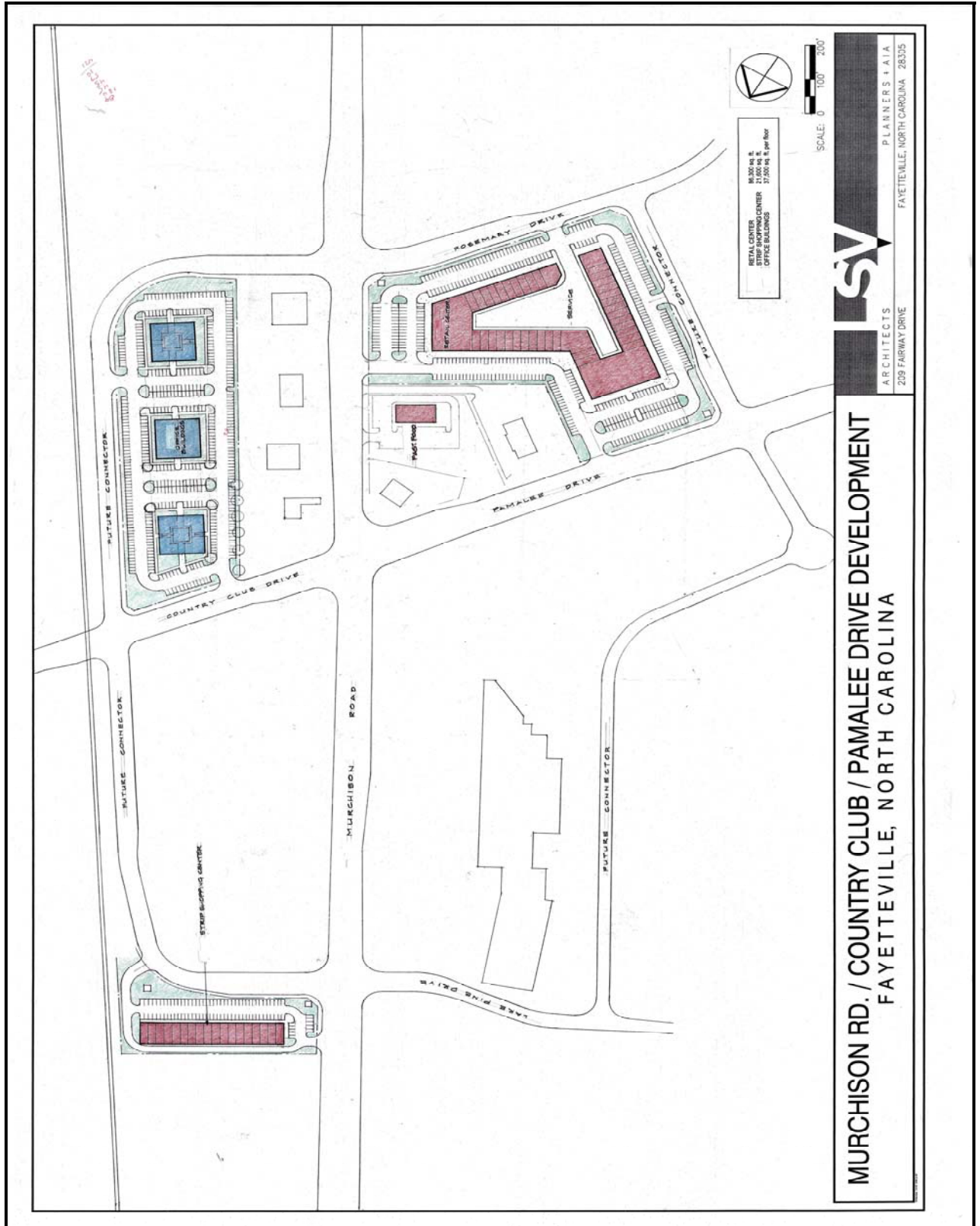


EXHIBIT 5

CITY INVESTMENT SUMMARY FOR MURCHISON RD									
CATALYST SITE PROJECT	SUMMARY	#1 LINEAR PK WEST	#1 ROWAN PLAZA	#1 PARKSIDE TOWNHOMES	#1 BRONCO SUITES	#3 JASPER PLAZA	#3 UNIVERSITY TOWNHOMES	#6 NEW PALAEE SHOPPING CENTER	
USE (feasible since 30%) RETAIL (GROCERY) RETAIL (OTHER) OFFICE DAYCARE PARKING TOWNHOMES HOTEL PARKING	9,720 SF 155,740 SF 45,384 SF 10,080 SF 860 SPACES 114 Units 100 SPACES 120 SPACES		9,720 SF 33,600 SF 217 SPACES	84 Units	100 Suites 120 SPACES	14,040 SF 7,884 SF 10,080 SF 200 SPACES	30 Units	105,100 SF 37,500 SF 388 SF	
TOTAL INVESTMENT	\$ 54,712,252	\$ 1,301,067	\$ 5,849,446	\$ 12,870,287	\$ 15,000,000	\$ 4,723,007	\$ 3,566,385	\$ 11,293,060	
PRIVATE INVESTMENT									
EQUITY	\$ 5,475,791		\$ 359,797	\$ 333,946	\$ 3,750,000	\$ 28,055	\$ 133,993	\$ 600,000	
PRIVATE DEBT	\$ 42,847,667		\$ 4,600,000	\$ 10,614,454	\$ 11,151,519	\$ 2,645,328	\$ 2,243,395	\$ 10,693,060	
POTENTIAL RETURN ON INVESTMENT (15 Yrs)			25%	16%		24%	15%	23%	
TOTAL PRIVATE INVESTMENT	\$ 47,323,458		\$ 4,859,797	\$ 10,948,400	\$ 14,901,519	\$ 2,643,383	\$ 2,477,298	\$ 11,293,060	
CITY INVESTMENT (25 YEARS) LAND ACQUISITION (13.3% TAX VALUE) CATALYST SITE #1									
MURCHISON RD WEST (GREENWAY ACQUISITION)	5.19 ACRES								
MURCHISON RD RELOCATION (DOT)	2.78 ACRES	\$ 1,151,067							
MURCHISON RD RELOCATION (PLAZA LOAN)	4.93 ACRES	\$ 950,000							
MURCHISON RD NORTHEAST (PARKSIDE)	10.07 ACRES	\$ 289,649							
ACQUISITION WRITEDOWN/GRAANTS				\$ 330,355 (windown)	\$ 207,529 (grant)	\$ 96,481 (grant)			
DEMOLITION & RELOCATION	80,000			\$ 80,000					
CATALYST SITE #3	7.63 ACRES								
JASPER/MURCHISON	554,311								
DEMOLITION & RELOCATION	100,000								
ACQUISITION WRITEDOWN/GRAANTS	\$ 835,275								
TOTAL ACQUISITION/RELOCATION/DEMOLITION	\$ 3,004,767	\$ 1,301,067	\$ 289,649	\$ 410,350	\$ 207,529	\$ 96,481	\$ 80,702 (windown)	\$ 121,054	
* Differences between the above and the price without									
CITY SUBORDINATED MORTGAGE	1,330,000		\$ 700,000	\$ 1,290,002		\$ 80,000	\$ 968,032		
HOMEBUYER 2ND MORTGAGE SUBSIDY	2,264,034		\$ 750,000	\$ 1,290,002		\$ 80,000	\$ 968,032		
RELOCATED TENANT RENT SUBSIDY (10 Yrs)	1,350,000		\$ 1,450,000	\$ 1,290,002		\$ 1,220,000	\$ 968,032		
TOTAL SUBSIDIES	\$ 4,934,034	\$ -	\$ 1,450,000	\$ 1,290,002		\$ 1,220,000	\$ 968,032		
TOTAL CITY CONTRIBUTION	\$ 8,538,801	\$ 1,301,067	\$ 1,739,649	\$ 1,927,886		\$ 2,981,624	\$ 1,989,066		
CITY FINANCIAL RETURN (25 YEARS) CITY USING COPIED LOAN VALUE									
HOMEBUYER 2ND MORTGAGE PAYMENTS (PRINCIPAL ONLY)	2,376,625		\$ 988,649	\$ 1,290,002		\$ 1,386,976	\$ 968,032		
RESIDUAL LAND SALE (SITE #3 BILLOCK/MURCH)	2,264,034						\$ 40,351		
ANNUAL PROPERTY TAX	40,351								
TOTAL	\$ 16,390,142		\$ 1,627,700	\$ 2,870,332		\$ 1,465,774	\$ 1,061,275	\$ 4,143,561	
CITY	\$ 5,899,262		\$ 620,634	\$ 1,097,875		\$ 98,892	\$ 404,659	\$ 1,229,702	
TOTAL CITY FINANCIAL RETURN	\$ 10,590,872	\$ -	\$ 3,227,983	\$ 5,272,209		\$ 3,411,642	\$ 2,474,317	\$ 1,229,702	
INVESTMENT RECOVERY PERIOD	20.18 YRS	N/A	13.43 YRS	8.11 YRS	0.34 YRS	17.50 YRS	11.00 YRS		
OTHER CITY BENEFITS									
JOBS									
PERMANENT	646		173	84		128	31	345	
CONSTRUCTION	382		46			41	20	180	
AFFORDABLE HOUSING UNITS	44			24					

EXHIBIT 6

III. DEVELOPMENT PLAN CATALYST SITE RECOMMENDATIONS

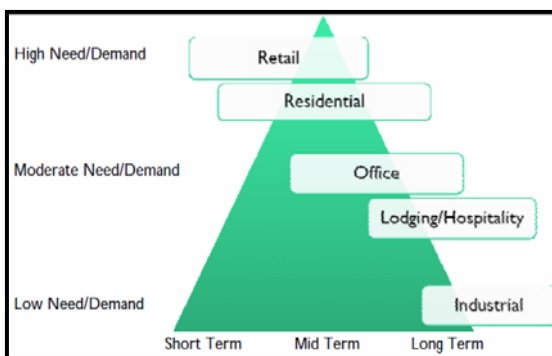
CATALYST SITES

The Fayetteville Land Use and Economic Development Plan for the Murchison Road Corridor (Development Plan) defined nine Catalyst Sites which are shown in Exhibit 6. These sites are groupings of parcels identified to focus specific redevelopment opportunities. In most cases, these Catalyst Sites are located at major intersections where existing complementary uses, clusters of residents, and major vehicular/pedestrian traffic are focused.

The redevelopment criteria and strategy recommended by the Development Plan, are based on the economic, market and development conditions; an understanding of the physical parameters; and an analysis of the available economic resources and incentives. The Development Plan established priorities for the sites based on the type of redevelopment recommended, and the timing of the market. The resulting three priorities are short term (0-5 years), mid-term (5-10 years) and long-term (10+ years) project initiation time frames. Although development will most likely occur on multiple sites simultaneously within the three time frames, it is important to prioritize these sites in order to coordinate preemptive purchasing options, land assembly, demolition, renovations, etc. It is also important to prioritize the sites in order to promote equitable redevelopment throughout the Murchison Road corridor. The Development Plan identifies Catalyst Sites #1, #3, and #6 with the highest priority that should be pursued in the next 0-5 years. Therefore these are the sites addressed in this study.

TYPES OF DEVELOPMENT

The Development Plan shows a clear priority for retail development in the short-term, particularly convenience retail development (grocery stores, restaurants, drug stores, etc.). Not only is there the most demand for retail, but initial retail development can help generate demand for other uses, particularly residential and office. The general lack of convenience retail throughout the corridor itself may be a major factor in precluding other types of development.



Based on the research of the Development Plan, residential development has fairly strong short-term demand. The most immediate opportunity lies in providing additional rental housing options for students unable to secure dorm rooms on campus, as well as commuter students who would consider the option of living closer to campus.

Although limited, office space may possess some short-term development potential. The most likely short-term or mid-term demand for office space is for smaller spaces that provide service functions (banking, legal services, community services, etc.). In the longer term, when potential opportunities from the expansion of Fort Bragg and FSU come to fruition, there may be demand for larger-scale office space that can serve more intensive office users such as R&D companies, defense/security companies and other larger firms.

Given its general size and scale, the Development Plan concludes that lodging and hospitality would be reserved for long-term projects, when significant demand will have been generated by subsequent development, economic development, population growth, and revitalization of the study area. Hotel development may also become more feasible after I-295 is completed and resulting office, retail and residential development has occurred at the north end of the corridor.

Industrial development according to the Development Plan, has very limited demand at the present time, and may have limited potential in the future as well. Light industrial uses, mostly related to defense, security and technology, may have the best potential.

DEVELOPMENT OPPORTUNITIES

Below is a summary of economic development opportunities identified in the Development Plan for the overall corridor:

1. Preservation of affordable housing prior to redevelopment to enable increased homeownership
2. Enhancement/redevelopment of retail along corridor to provide needed retail and Services
3. Resume/redevelopment of selected, well-located industrial sites
4. Fort Bragg expansion and revitalization could spur demand for military-related office space and hotels along corridor
5. Study area can take advantage of increased traffic flows and changing traffic patterns
6. Provide area residents with needed retail services
7. Residential and retail development to provide off-campus living options and capture student expenditures
8. Both northern and southern portion can benefit from current and future revitalization efforts
9. Short-term potential for 24,000 – 34,000 square feet of retail space; long-term potential for an additional 90,000 – 117,000 square feet
10. Short-term potential for 80 – 110 residential units; long-term potential for an additional 110 - 135 residential units
11. Demand for an additional 70-120 residential units due to expected military growth in the region due to the Fort Bragg expansion
12. Short-term potential for 50,000 – 93,000 square feet of office space; long-term potential for an additional 82,000 – 150,000 square feet

IV. CATALYST SITE #1

MURCHISON/ROWAN

SITE LOCATION

Exhibit 7 is a general location map of this site along the Murchison Road corridor which is a major corridor that connects downtown Fayetteville to Fort Bragg. The site is located at the southern most end of the corridor and is the gateway to Fayetteville State University to the north, and to downtown to the south. The western boundary of the site is Cross Creek, and the eastern boundary is a seldom-used rail line that links downtown Fayetteville to Fort Bragg. The northern boundary is the Martin Luther King Freeway.

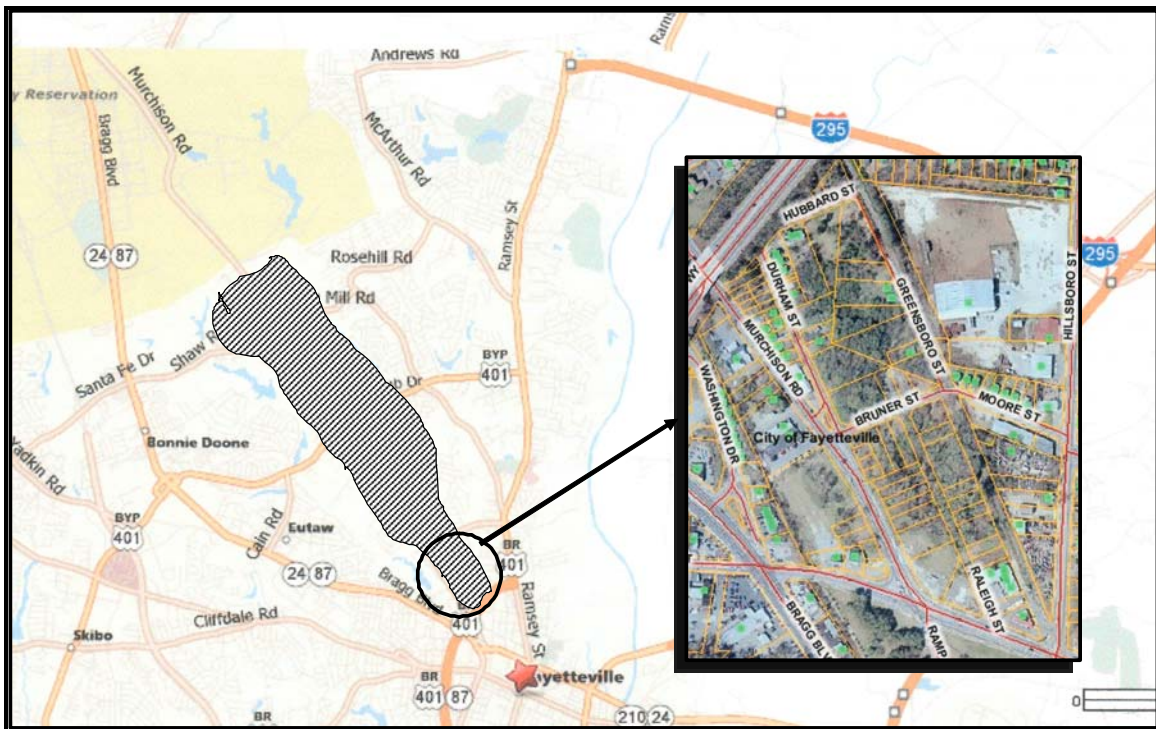


EXHIBIT 7

Within the next several years, Murchison Road will become the only unsecured north-south corridor through Fort Bragg. This change will increase vehicular traffic and bring greater visibility to the area. In addition, major projects have been funded to realign the Rowan Street Bridge, and to add a Traffic Circle that will connect Murchison Road with Rowan and Bragg Boulevard (see Exhibit 8). This will significantly change traffic patterns, increase the visibility, and increase the development

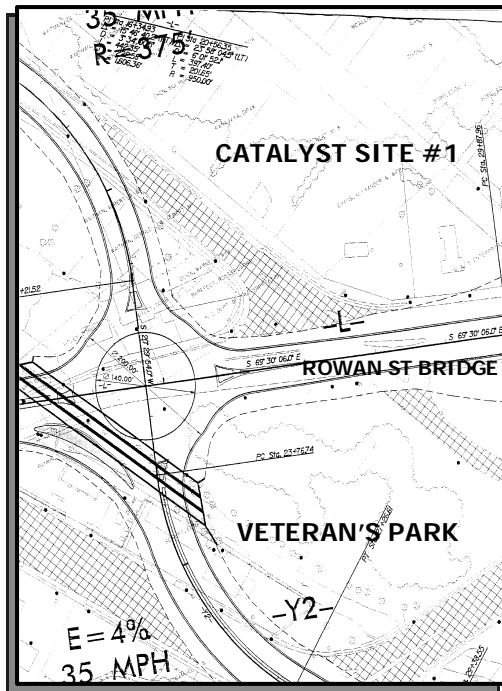


EXHIBIT 8

potential of the site. In addition, these changes will reduce the amount of land available for development. Directly to the south of the site, across the Rowan Street Bridge, will be the NC State veteran's Park, which will be a major tourist destination.

Most of the west side of Murchison Road, which contains several established businesses and homes, is in the floodway of Cross Creek as shown in Exhibit 9. These businesses includes V-Point Super Market, a 20,000 SF neighborhood grocery store; and Paye Funeral Home. Because of the floodway, this location poses a threat to the health and safety to the structures and occupants. Any development of this site should include relocation of the

occupants, and development of a greenway park in the floodway. Vick's Corner and several other shops located to the southeast end of the site will be displaced by the Rowan Street bridge construction and therefore are not considered in this study. The balance of the site contains about 12 very old small framed residential units in various stages of disrepair.

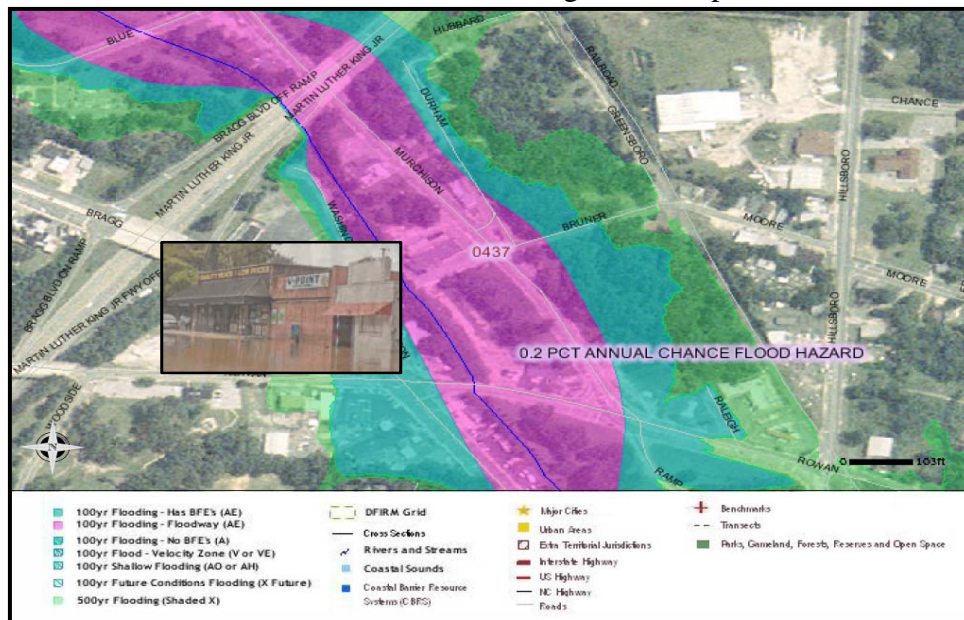
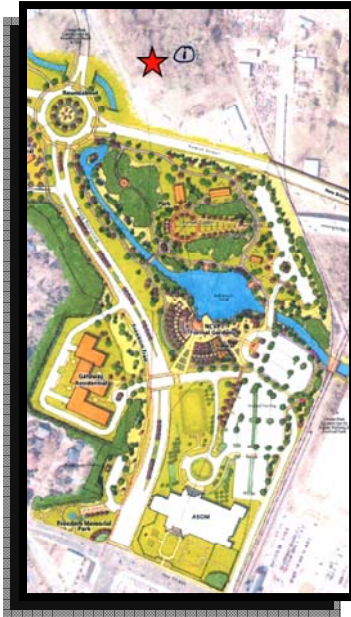


EXHIBIT 9



Murchison Road is the heart of the historic Black community and once contained the Black commercial district. The site is a typical historic southern Black commercial area that became obsolete as a result of integration, shopping malls, and the flight to suburbia. Property values plummeted such that owners could not rationalize the economics of repair and maintenance. This resultant blight, in a highly visible gateway to downtown and Fayetteville State University, and adjacent to the new Veteran's Park, has become an eye sore and is a clear target for redevelopment.

Veteran's Park

DEVELOPMENT PLAN MARKET ANALYSIS AND RECOMMENDATIONS

Based on a market analysis and assessment of the site, the Development Plan recommended the development of a greenway, mixed-use retail and office, and residential uses. The market analysis identifies a short-term retail demand for 24,000 – 34,000 SF and a long-term demand for an additional 90,000 – 117,000 SF; a short term residential demand for 80 – 110 units and a long-term residential demand for an additional 110 -135 units; and a short term office demand for 50,000 – 93,000 SF and a long term for an additional 82,000 – 150,000 SF. The Development Plan recommended medium density residential, retail and office use for the east side of the site. It recommended the development of a new retail center on vacant land across from current V-Point Grocery that would serve as the main retail and commercial center for residents of the southern segment of the Murchison Road corridor.

The retail could be anchored by relocating V-Point from the floodway as well as provide office space for other area businesses and services. The Plan recommended that the west side which is in the floodway, be acquired, cleared and dedicated to a greenway along Cross Creek, which would link Veteran's Park to the south, and Martin Luther King Park to the north.

PROPERTY/BUSINESS OWNER INTERVIEWS

Exhibit 10 is the inventory of all property, owners, and value of property within the Catalyst Site #1. Exhibit 11 provides an inventory of key property and business owners and a summary of their reactions to the Development Plan recommendations. Exhibit 12 is a map locating the businesses and property owners interviewed. It should be noted that the property owners that would be directly affected by the Rowan Street Bridge realignment and the planned traffic circle were not included; however they had been contacted earlier relative to the Northwest Gateway project.

The Consultant met individually with 8 property owners representing 32 of the 40 major property and businesses affected by the plan. The results of the Development Plan were presented. The Consultant discussed with each property owner the potential impact of the plan on their property or business. All support the plan and look forward to cleaning up the blight and redeveloping the community. In general, the property owners on the east side of Murchison road are ready to sell. Two would consider participating in any proposed development deal. On the west side, the two major businesses would have to relocate out of the floodway. Both have been institutions in the community for many years. If their property is purchased, the owners of Paye Funeral Home wish to relocate to property they own in the 1200 block of Murchison Road across from FSU. V-Point Grocery would consider moving across the street into a new shopping center if the relocation “made economic sense”.

CATALYST # 1 PROPERTY INVENTORY										YR_BUILT		ACRE		
PARCEL	SITE ADDRESS	OWNER(S)	ST. ADDRESS	CITY	ZIP	VALUE	(Land)	(Building)	ZONING	SIZE	(Lot)			
						Total Tax								
GREENSBORO STREET														
0437-38-7539-	0	GREENSBORO ST	SAUNDERS, FRANKLIN & WIFE	110 MIDWAY	DR	RAEFORD	NC 28376	\$ 1,050	\$ -	R5	0	105.00	78.00	
0437-38-8316-	541	GREENSBORO ST	SAUNDERS, FRANKLIN & WIFE	110 MIDWAY	DR	RAEFORD	NC 28376	\$ 2,100	\$ -	R5	0	275.00	185.00	
0437-38-8244-	521	GREENSBORO ST	SAUNDERS, FRANKLIN & WIFE	110 MIDWAY	DR	RAEFORD	NC 28376	\$ 3,500	\$ -	R5	0	75.00	218.50	
0437-38-8155-	517	GREENSBORO ST	GIBSON, DAVID	1338 WATERLESS	ST	FAYETTEVILLE	NC 28306	\$ 40,269	\$ 33,875	R5	1932	91.05	286.96	
0437-38-8035-	0	GREENSBORO ST	WEST, A D MRS	471 ALBEMARLE	DR	FAYETTEVILLE	NC 28311	\$ 3,281	\$ -	R5	0	28.00	320.00	
0437-37-9917-	511	GREENSBORO ST	WEST, A D MRS	471 ALBEMARLE	DR	FAYETTEVILLE	NC 28311	\$ 3,938	\$ -	R5	0	120.00	320.00	
0437-47-0902-	507	GREENSBORO ST	BROWN, RICHARD W & WIFE	471 ALBEMARLE	DR	FAYETTEVILLE	NC 28311	\$ 24,600	\$ 21,100	R5	1953	50.00	140.00	
0437-47-0865-	0	GREENSBORO ST	BROWN, RICHARD W & WIFE	471 ALBEMARLE	DR	FAYETTEVILLE	NC 28311	\$ 4,375	\$ -	R5	0	150.00	210.00	
0437-47-0769-	501	GREENSBORO ST	PHILLIPS, JOHN FRANKLIN	243 GRADY	ST	FAYETTEVILLE	NC 28306	\$ 3,500	\$ -	R5	1915	100.00	142.00	
0437-47-1606-	441	GREENSBORO ST	WELLS, W M JR MRS	PO BOX 445	DR	LAURINBURG	NC 28352	\$ 3,500	\$ -	R5	1915	100.00	140.00	
0437-47-1539	0	GREENSBORO ST	RIDDLE, CAROLYN &	512 CHESTNUT	ST	WILMINGTON	NC 28401	\$ 3,150	\$ -	R5	0	50.00	140.00	
0437-47-1478	0	GREENSBORO ST	MCALLISTER, DOROTHY D	113 WATERS	DR	SOUTHERN PINE	NC 28387	\$ 1,400	\$ -	R5	0	190.00	140.00	
0437-47-2268-	425	GREENSBORO ST	MCALLISTER, DOROTHY D	PO BOX 1610	DR	PINEHURST	NC 28374	\$ 1,750	\$ -	R5	0	50.00	140.00	
0437-47-2327-	431	GREENSBORO ST	LOSSIE A YOUNG REVOCABLE	1304 EVERGLADES	DR	FAYETTEVILLE	NC 28303	\$ 3,500	\$ -	R5	0	50.00	140.00	
0437-47-2343-	0	GREENSBORO ST	LOSSIE A YOUNG REVOCABLE	1304 EVERGLADES	DR	FAYETTEVILLE	NC 28303	\$ 3,500	\$ -	R5	0	50.00	140.00	
0437-47-2291-	423	GREENSBORO ST	DOXON, F S	PO BOX 2907	DR	WILSON	NC 27894	\$ 1,313	\$ -	R5	0	100.00	140.00	
0437-47-3124-	421	GREENSBORO ST	BOBO, EDDIE L	150 BROCTON	DR	FAYETTEVILLE	NC 28303	\$ 13,374	\$ -	C3	0	50.00	140.00	
0437-47-3140-	411	GREENSBORO ST	BOBO, EDDIE L	150 BROCTON	DR	FAYETTEVILLE	NC 28303	\$ 12,174	\$ -	C3	0	50.00	140.00	
0437-47-3071-	406	GREENSBORO ST	PARROUS, VICTOR N & GEO SKENTE	405 MURRAY HILL	DR	FAYETTEVILLE	NC 28303	\$ 246,500	\$ 36,967	\$ 205,273	C3	1965	150.00	140.00
0437-46-4911	400	GREENSBORO ST	P & S ENTERPRISES	405 MURRAY HILL	RD	FAYETTEVILLE	NC 28303	\$ 20,681	\$ 11,374	\$ 0			50.00	140.00
HUBBARD STREET														
0437-38-6564-	610	HUBBARD ST	SAUNDERS, FRANKLIN & WIFE	623 HUBBARD	ST	FAYETTEVILLE	NC 28301	\$ 263	\$ -	R5	0	50.00	78.00	
0437-38-7306-	0	HUBBARD ST	SAUNDERS, FRANKLIN & WIFE	110 MIDWAY	DR	RAEFORD	NC 28376	\$ 4,550	\$ -	R5	0	175.50	355.00	
0437-38-5409	0	HUBBARD ST	N C DEPT OF TRANSPORTATION	GILLESPIE	ST	FAYETTEVILLE	NC 28301	\$ 0	\$ 0			60.00	56.00	
0437-38-6207-	621	HUBBARD ST	MCLAIN, BETTY B & TERESA B MCL	621 HUBBARD	ST	FAYETTEVILLE	NC 28301	\$ 45,348	\$ 3,500	\$ 41,848	R5	1940	95.00	308.00
BRUNER STREET														
0437-47-0769	0	BRUNER ST	PHILLIPS, JOHN FRANKLIN	243 GRADY	ST	FAYETTEVILLE	NC 28306	\$ 3,500	\$ -	R5	0	100.00	142.00	
0437-37-9799-	0	BRUNER ST	PHILLIPS, JOHN FRANKLIN	243 GRADY	ST	FAYETTEVILLE	NC 28306	\$ 3,500	\$ -	R5	0	59.00	150.00	
0437-37-9738-	606	BRUNER ST	MONROE, NEILL	2705 COMPTON	PL	FAYETTEVILLE	NC 28304	\$ 3,500	\$ -	R5	1940	50.00	150.00	
0437-37-8723-	0	BRUNER ST	WEST, A D MRS	471 ALBEMARLE	DR	FAYETTEVILLE	NC 28311	\$ 7,000	\$ -	R5	0	180.00	130.00	
0437-37-9596-	609	BRUNER ST	WAITMAN, IDA FLEISHMAN HEIRS	135 E 71ST	ST	NEW YORK	NY 10021	\$ 15,640	\$ -	C3	1920	180.00	50.00	
0437-37-9555-	611	BRUNER ST	WAITMAN, IDA FLEISHMAN HEIRS	135 E 71ST	ST	NEW YORK	NY 10021	\$ 15,640	\$ -	C3	0	50.00	195.00	
0437-37-9503-	613	BRUNER ST	WAITMAN, IDA FLEISHMAN HEIRS	135 E 71ST	ST	NEW YORK	NY 10021	\$ 15,640	\$ -	C3	0	50.00	195.00	
DURHAM														
0437-38-4393-	536	DURHAM ST	MCNEILL, JAMES & LOUISE	PO BOX 674		FAYETTEVILLE	NC 28302	\$ 20,200	\$ 3,500	\$ 16,700	R5	1927	65.00	85.00
0437-38-5223-	532	DURHAM ST	MCNEILL, JAMES & LOUISE	PO BOX 674		FAYETTEVILLE	NC 28302	\$ 24,300	\$ 3,500	\$ 20,800	R5	1925	37.00	75.00
0437-38-5231-	530	DURHAM ST	MCNEILL, JAMES	5708 CEDAR CREEK	RD	FAYETTEVILLE	NC 28301	\$ 875	\$ -	R5	0	18.00	75.00	
0437-38-5217-	534	DURHAM ST	BANK OF NEW YORK TRUSTEE	7105 CORPORATE	DR	PLANO	TX 75024	\$ 21,200	\$ 3,500	\$ 17,700	R5	1927	37.00	75.00
0437-38-5149	526	DURHAM ST	CALHOUN, ELBERT DEWEY JR	1805 CHEROKEE	DR	FAYETTEVILLE	NC 28303	\$ 175	\$ 175	\$ 0		16.00	75.00	
0437-38-5157-	526	DURHAM ST	CALHOUN, ELBERT DEWEY JR	1805 CHEROKEE	DR	FAYETTEVILLE	NC 28303	\$ 17,900	\$ 14,400	R5	1930	34.00	75.00	
0437-38-5173-	524	DURHAM ST	CHANCE, IDELLA & MARY H KING	110 MIDWAY	DR	RAEFORD	NC 28376	\$ 3,500	\$ -	R5	1935	66.00	75.00	
0437-38-6047-	522	DURHAM ST	MELVIN, LONNIE	PO BOX 81		LUMBER BRIDGE	NC 28357	\$ 3,500	\$ -	R5	0	100.00	190.00	
0437-38-6050-	520	DURHAM ST	HARRIS, MARY SUTTON	2608 BEXLEY	AVE	DURHAM	NC 27707	\$ 19,800	\$ 16,300	R5	1920	50.00	141.00	
0437-37-6964-	518	DURHAM ST	SMITH, JIMMIE LEE & WIFE CORA	406 NE DOUGLAS	ST	WASHINGTON	DC 20019	\$ 20,800	\$ 3,500	\$ 17,300	R5	1920	50.00	117.00
0437-37-7866-	0	DURHAM ST	WEST, A D MRS	471 ALBEMARLE	DR	FAYETTEVILLE	NC 28311	\$ 7,000	\$ -	R5	0	150.00	266.00	
0437-37-8723	0	DURHAM ST	WEST, A D MRS	471 ALBEMARLE	DR	FAYETTEVILLE	NC 28311	\$ 7,000	\$ 7,000	\$ 0		180.00	130.00	
0437-38-4220-	531	DURHAM ST	WADE, SARA F MRS	107 HILLCREST	AVE	FAYETTEVILLE	NC 28305	\$ 875	\$ -	R5	0	33.00	82.00	
0437-38-4137-	529	DURHAM ST	WADE, SARA F MRS	107 HILLCREST	AVE	FAYETTEVILLE	NC 28305	\$ 875	\$ -	R5	0	33.00	79.00	
0437-38-4154-	527	DURHAM ST	WADE, SARA F MRS	107 HILLCREST	AVE	FAYETTEVILLE	NC 28305	\$ 875	\$ -	R5	0	33.00	75.00	
0437-38-4161-	525	DURHAM ST	WADE, SARA F MRS	107 HILLCREST	AVE	FAYETTEVILLE	NC 28305	\$ 875	\$ -	R5	0	33.00	71.00	
0437-38-4087-	523	DURHAM ST	CHEATHAM, LONNIE JAYONNA	315 S EAST	ST	RALEIGH	NC 27601	\$ 18,200	\$ 2,450	\$ 15,750	R5	1946	47.18	70.35
0437-38-5003-	521	DURHAM ST	SPEARMAN, ALBERTA	518 MURCHISON	RD	FAYETTEVILLE	NC 28301	\$ 21,000	\$ 2,450	\$ 18,550	R5	1947	47.18	65.05

EXHIBIT 10

MURCHISON															
0437-37-8527-	428	MURCHISON RD	WAITMAN, IDA FLEISHMAN HEIRS	135 E 71ST	ST	NEW YORK	NY 10021	\$ 4,976	\$ 4,976	\$ -	C3	1939	50.00	49.00	0.07
0437-37-8543-	426	MURCHISON RD	WAITMAN, IDA FLEISHMAN HEIRS	135 E 71ST	ST	NEW YORK	NY 10021	\$ 5,687	\$ 5,687	\$ -	C3	1939	48.75	70.00	0.08
0437-37-8468-	424	MURCHISON RD	WAITMAN, IDA FLEISHMAN HEIRS	135 E 71ST	ST	NEW YORK	NY 10021	\$ 4,976	\$ 4,976	\$ -	C3	1939	48.75	70.00	0.07
0437-37-8483			WAITMAN, IDA FLEISHMAN HEIRS	135 E 71ST	ST	NEW YORK	NY 10021	4265	4265		0		48.75	70.00	0.06
0437-37-9472-	420	MURCHISON RD	CHEN, SIU HUA	PO BOX 2085		FAYETTEVILLE	NC 28302	\$ 14,218	\$ 14,218	\$ -	C3	0	43.00	200.92	0.20
0437-37-9399-	418	MURCHISON RD	CHEN, SIU HUA	PO BOX 2085		FAYETTEVILLE	NC 28302	\$ 13,507	\$ 13,507	\$ -	C3	0	43.00	198.00	0.19
0437-47-0315-	416	MURCHISON ST	CHEN, SIU HUA	PO BOX 2085		FAYETTEVILLE	NC 28302	\$ 14,218	\$ 14,218	\$ -	C3	0	43.00	192.00	0.20
0437-47-0321-	414	MURCHISON RD	CHEN, SIU HUA	PO BOX 2085		FAYETTEVILLE	NC 28302	\$ 13,507	\$ 13,507	\$ -	C3	0	43.00	191.04	0.19
0437-47-0246-	412	MURCHISON RD	SURAJ ENTERPRISES INC	2320 GILLESPIE		FAYETTEVILLE	NC 28301	\$ 19,905	\$ 19,905	\$ -	C3	0	63.00	191.04	0.28
0437-47-1035			EVANS, ALEXANDER & WIFE	1319 CYPRESS LAKE	RD	HOPE MILLS	NC 28348	44076	44076		0		215.68	191.65	0.82
0437-38-1055			N C DEPT OF TRANSPORTATION			FAYETTEVILLE	NC 28301	0	0		0		80.00	151.70	0.15
0437-37-3913-	517	MURCHISON RD	PAYE, JAMES LUTHER SR & WIFE	515 MURCHISON	RD	FAYETTEVILLE	NC 28301	\$ 406,717	\$ 50,474	\$ 346,188	C1	1969	200.00	178.00	0.71
0437-37-3872-	511	MURCHISON RD	PAYE, JAMES LUTHER SR & WIFE	515 MURCHISON	RD	FAYETTEVILLE	NC 28301	\$ 13,839	\$ 13,507	\$ -	C1	0	50.00	186.13	0.19
0437-37-3798	509	MURCHISON RD	PAYE, JAMES L SR & MAYBOB E	PO BOX 53571		FAYETTEVILLE	NC 28305	\$ 14,929	\$ 14,929	\$ -	C1	0	50.00	194.82	0.21
0437-37-4723-	507	MURCHISON RD	PAYE, JAMES L SR & MAYBOB E	PO BOX 53571		FAYETTEVILLE	NC 28305	\$ 24,032	\$ 15,640	\$ 8,392	C1	1940	50.00	205.21	0.22
0437-37-5509-	501	MURCHISON RD	COUNCIL & WILLIFORD PROPERTIES	447 MURCHISON	RD	FAYETTEVILLE	NC 28301	\$ 425,919	\$ 84,880	\$ 321,608	C1	1950	278.44	263.38	1.45
0437-37-6343-	425	MURCHISON RD	UTLEY, DORIS B	623 CAPE FEAR	AVE	FAYETTEVILLE	NC 28303	\$ 61,648	\$ 61,648	\$ -	C3	0	309.11	263.38	2.22
0437-47-0188	408	MURCHISON RD	WAITMAN, ALBERT M &	2514 MORGANTON	RD	FAYETTEVILLE	NC 28303	\$ 36,967	\$ 36,967	\$ -	C3	1948	120.00	190.94	0.52
0437-37-7293-	423	MURCHISON RD	WAITMAN, ALBERT M &	2514 MORGANTON	RD	FAYETTEVILLE	NC 28303	\$ 11,374	\$ 11,374	\$ -	C3	0	55.25	132.00	0.16
0437-37-8118-	419	MURCHISON RD	WAITMAN, GERALD L & WIFE	2514 MORGANTON	RD	FAYETTEVILLE	NC 28303	\$ 11,374	\$ 11,374	\$ -	C3	0	55.25	132.00	0.16
0437-38-3271-	532	MURCHISON ST	WAITMAN, GERALD L & WIFE ROSAL	2514 MORGANTON	RD	FAYETTEVILLE	NC 28303	\$ 9,953	\$ 9,953	\$ -	R5	1940	40.00	165.00	0.14
0437-37-8173-	413	MURCHISON RD	QUICK, WAYNE & WIFE	90 SAWPSON	RD	DUNN	NC 28334	\$ 853	\$ 853	\$ -	C1	0	95.00	75.00	0.12
0437-37-8097-	411	MURCHISON RD	BAREFOOT, ROSSIE DARRELL	7128 S NC 242		HWY DUNN	NC 28334	\$ 4,976	\$ 4,976	\$ -	C1	0	57.50	105.00	0.07
0437-38-3156-	530	MURCHISON RD	WADE, SARA F MRS	107 HILLCREST	AVE	FAYETTEVILLE	NC 28305	\$ 875	\$ 875	\$ -	R5	0	30.00	82.00	0.06
0437-38-3173-	528	MURCHISON RD	WADE, SARA F MRS	107 HILLCREST	AVE	FAYETTEVILLE	NC 28305	\$ 875	\$ 875	\$ -	R5	0	30.00	79.00	0.05
0437-38-3180-	526	MURCHISON RD	WADE, SARA F MRS	107 HILLCREST	AVE	FAYETTEVILLE	NC 28305	\$ 875	\$ 875	\$ -	R5	0	30.00	75.00	0.06
0437-38-4008-	524	MURCHISON RD	WADE, SARA F MRS	107 HILLCREST	AVE	FAYETTEVILLE	NC 28305	\$ 875	\$ 875	\$ -	R5	0	30.00	71.00	0.06
0437-38-4051-	522	MURCHISON RD	ALLEN, BRUCE K	1000 WILDWOOD	DR	FAYETTEVILLE	NC 28304	\$ 19,447	\$ 2,625	\$ 16,822	R5	1946	46.80	65.05	0.08
0437-38-4025-	520	MURCHISON RD	JONES, INEZ	845 HILLSBORO	ST	FAYETTEVILLE	NC 28301	\$ 21,300	\$ 2,625	\$ 18,675	C1	1946	46.80	70.35	0.09
0437-37-5924-	516	MURCHISON RD	JONES, INEZ	1110 FONTANA	ST	FAYETTEVILLE	NC 28301	\$ 21,500	\$ 2,625	\$ 18,875	C1	1946	46.80	109.00	0.10
0437-37-5908-	518	MURCHISON RD	MCILLIAN, ALBERTA	518 MURCHISON	RD	FAYETTEVILLE	NC 28301	\$ 14,698	\$ 9,242	\$ 5,456	C1	1946	46.80	119.50	0.13
0437-37-5849-	514	MURCHISON RD	ELLIOTT, ALVIN L	PO BOX 3123		FAYETTEVILLE	NC 28302	\$ 7,820	\$ 7,820	\$ -	C1	1930	46.80	98.40	0.11
0437-37-6717-	500	MURCHISON RD	TALLEY, V F	447 MURCHISON	RD	FAYETTEVILLE	NC 28301	\$ 54,223	\$ 12,441	\$ 41,782	C1	1937	307.00	85.60	0.35
ROWAN															
0437-46-2936-	528	ROWAN ST	P & S ENTERPRISES INC	508 ROWAN	ST	FAYETTEVILLE	NC 28301	\$ 28,436	\$ 28,436	\$ -	C3	0	187.50	185.00	0.40
0437-46-4665	506	ROWAN ST	PARROUS, VIRGINIA V N, GEO SKEN	405 MURRAY HILL	RD	FAYETTEVILLE	NC 28303	\$ 71,128	\$ 21,527	\$ 47,478			198.46	165.50	0.30
0437-37-7009-	614	ROWAN ST	WUTLEY, DORIS B	623 CAPE FEAR	AVE	FAYETTEVILLE	NC 28303	\$ 25,160	\$ 14,218	\$ 8,919	C3	1963	110.00	90.00	0.20
0437-37-5009	612	ROWAN ST	WUTLEY, DORIS B	623 CAPE FEAR	AVE	FAYETTEVILLE	NC 28303	\$ 65,496	\$ 12,196	\$ 71,496		1966	78.00	90.00	0.18
0437-37-5084			N.C. DEPT OF TRANSPORTATION	GILLESPIE	ST	FAYETTEVILLE	NC 28301	\$ -	\$ -	\$ -			108.00	45.00	0.08

EXHIBIT 10A

CATALYST # 1 CONTACT Sheet					CONTACT RESULTS	
MAP #	PARCEL	SITE ADDRESS	VALUE Total Tax	OWNER(S)		
1	0437-38-7539-	0 GREENSBORO ST	\$ 1,050	SAUNDERS, FRANKLIN & WIFE	Could not find contact number Ltr sent 11/14/2008	
	0437-38-8318-	541 GREENSBORO ST	\$ 2,100	110 MIDWAY Dr		
	0437-38-8244-	521 GREENSBORO ST	\$ 3,500	RAEFORD, NC 28376		
	0437-38-6564-	610 HUBBARD ST	\$ 263			
2	0437-38-7306-	0 HUBBARD ST	\$ 4,550		Met with Richard Brown 10/15/08 At City Hall. He represents the West and Brown property owners. He was raised in the community but now lives in Richmond. He is concerned with the deterioration of the area and the overt drug use. They wish to sell. Contact:	
	0437-38-8035-	0 GREENSBORO ST	\$ 3,281	WEST, A D MRS.		
	0437-37-9917-	511 GREENSBORO ST	\$ 3,938	471 ALBEMARLE DR		
	0437-37-8723-	0 BRUNER ST	\$ 7,000	FAYETTEVILLE NC 28311		
3	0437-37-7866-	0 DURHAM ST	\$ 7,000		Met with DR ALBERT WAITMAN 9/16/2008 at KCDC Office. He represents the Waitman and Fleishman property. He lives in NY and wishes to sell however is open to participation with local developer. He has been talking to Kingdom CDC who has expressed interest in Developing the area. Contact: 212 241-6500	
	0437-37-8723-	DURHAM ST	\$ 7,000			
	0437-37-9596-	609 BRUNER ST	\$ 15,640	WAITMAN, IDA FLEISHMAN HEIRS		
	0437-37-9555-	611 BRUNER ST	\$ 15,640	135 E 71 ST STREET		
	0437-37-9503-	613 BRUNER ST	\$ 15,640	NEW YORK, NC 10021		
	0437-37-8527-	428 MURCHISON RD	\$ 4,976			
	0437-37-8543-	426 MURCHISON RD	\$ 5,687			
	0437-37-8468-	424 MURCHISON RD	\$ 4,976			
	0437-37-8483		\$ 4,265			
	0437-47-0188-	408 MURCHISON RD	\$ 36,967			
4	0437-37-7293-	423 MURCHISON RD	\$ 11,374		Met with SARAH WOOSTER and her mother, Mrs. Sara Wade at Mrs. Wade Home at 107 Hillcrest Street on 9/23/08. Wants to Sell. Contact: 910 486-1101 ext 217 (daughter)	
	0437-37-8118-	419 MURCHISON RD	\$ 11,374			
	0437-38-3271-	532 MURCHISON ST	\$ 9,953			
	0437-38-4220-	531 DURHAM ST	\$ 875	WADE, SARA F MRS		
5	0437-38-4137-	529 DURHAM ST	\$ 875	107 HILLCREST AVE	Could not find contact number Ltr sent 11/14/2008	
	0437-38-4154-	527 DURHAM ST	\$ 875	FAYETTEVILLE NC 28305		
	0437-38-4161-	525 DURHAM ST	\$ 875			
	0437-38-3156-	530 MURCHISON RD	\$ 875			
	0437-38-3173-	528 MURCHISON RD	\$ 875			
	0437-38-3160-	526 MURCHISON RD	\$ 875			
	0437-38-4008-	524 MURCHISON RD	\$ 875			
	0437-37-9472-	420 MURCHISON RD	\$ 14,218	CHEN, SIU HUA		
6	0437-37-9399-	418 MURCHISON RD	\$ 13,507	PO BOX 2085	Met with Ellen Gladden and her sister on 10/17/08 at Paye Funeral Home. Mrs. Gladden has POA for Mrs. Paye who is presently in a nursing home. She wishes sell and relocate on Murchison Road on family property next to Mount Sinai Baptist Church. Very interested in support from the city. Contact: 910 483-4290	
	0437-47-0315-	416 MURCHISON ST	\$ 14,218	FAYETTEVILLE NC 28302		
	0437-47-0321-	414 MURCHISON RD	\$ 13,507			
	0437-37-3913-	517 MURCHISON RD	\$ 406,717	PAYE, JAMES LUTHER SR & WIFE		
7	0437-37-3872-	511 MURCHISON RD	\$ 13,839	515 MURCHISON RD	Met with Joe Council and his wife on 10/21/08 at V-Point Grocery. They realize that they will eventually have to move but have not decided where and when. Discussed the possibility of participation in the development of a shopping center across the street. They will consider and get back to me. Contact: 910 483-6951	
	0437-37-3798-	509 MURCHISON RD	\$ 14,929	FAYETTEVILLE NC 28301		
	0437-37-4723-	507 MURCHISON RD	\$ 24,032			
	0437-37-5509-	501 MURCHISON RD	\$ 425,919	COUNCIL & WILLIFORD PROPERTIES		
8				447 MURCHISON RD	Met with Mr. Talley on 10/08/08 at his office at 2666 Raeferd Road. He can no longer lease his building because it lacks parking. He used to own the V-point property across the street and used to use its parking lot. He is very much interested in selling. Contact: 910 624-2529	
	0437-37-6717-	500 MURCHISON RD	\$ 54,223	TALLEY, V F		
9				447 MURCHISON RD	Met with Dipak Ranavaya 11/19/08. Sent copy of plan. Will get back to me after review. Met Ranavaya 12/02/2008. Interested in participating in potential hotel deal. Presently operating motel on 301. Contact: 910 494-7228	
	0437-47-0246-	412 MURCHISON RD	\$ 19,905	SURAJ ENTERPRISES INC		
				2320 GILLESPIE ST		
				FAYETTEVILLE NC 28301		

EXHIBIT 11



EXHIBIT 12

DEVELOPMENT CONCEPTS RECOMMENDATIONS

Based on the recommendations in the Development Plan, the interviews with property and local business owners, and the professional opinions of the architect and the consultant, the development concept presented in Exhibit 3 is recommended for Catalyst Site #1. All agree that any development of the site would include relocating the occupants, and development of a greenway park in the floodway. This would link to the present Martin Luther King Park to the north and the Festival Park to the south.

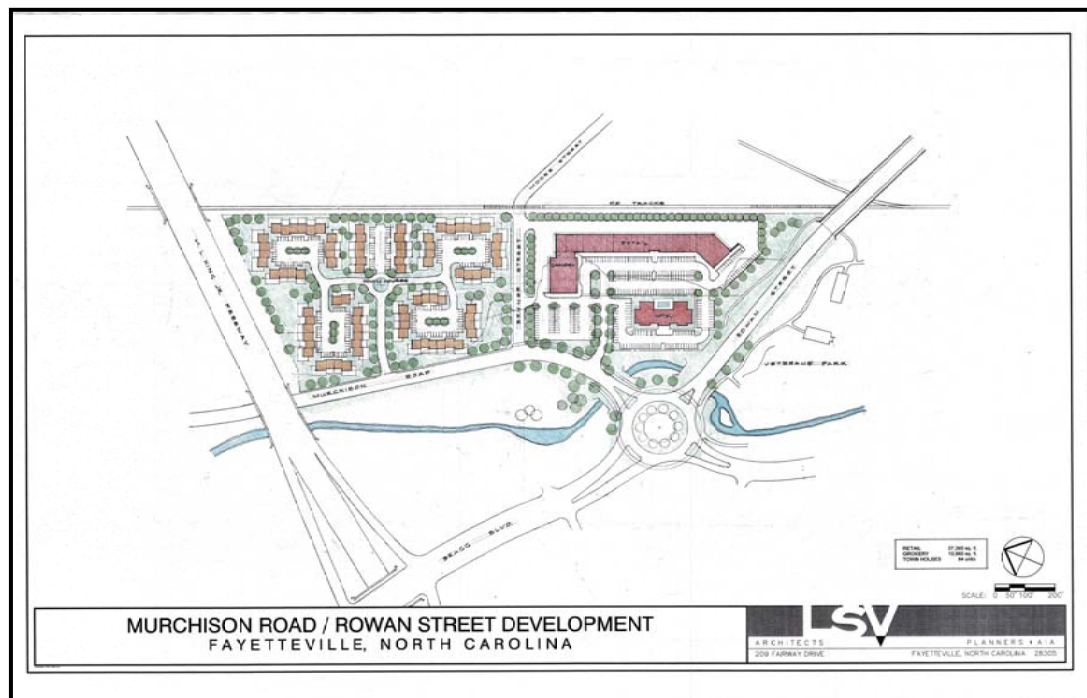


EXHIBIT 3

The southeast quadrant of the site concept contains a shopping center which will be referred to as Rowan Plaza. It has 33,600 SF of general retail and office space, and a 9,720 SF grocery store, with 217 parking spaces; and a 100 suite hotel with 120 parking spaces. The northeast quadrant of the site contains an 84 unit medium density townhome development which will be referred to as Parkside Townhomes. The west site of Murchison Road which is the flood plain area is cleared for a greenway along Cross Creek. This concept responds to the market and recommendations contained in the Development Plan. It also provides a potential home for relocating businesses such as V-Point Grocery, and it provides mixed income downtown housing in a park setting.

The Consultant has been approached by a potential hotel developer who is interested in the hotel site. The developer had previously proposed a hotel as part of the University Business Park concept sponsored by FSU in 2006. This effort was aborted when FSU decided not to locate its Science and Technology building on the site. This had been the lynchpin project for the site. All of this was before finalizing BRAC, Veteran's Park, the new Rowan Street Bridge, and the proposed traffic circle. The developer feels that these events and the city's interest in redeveloping the entire site now make the hotel feasible. Kingdom Community Development Corporation has expressed interest in working with local investors to develop the shopping center.

FINANCIAL FEASIBILITY

ACQUISITION

Exhibit 12A provides the inventory and tax values for the four sections of the site. Phase A is the site for Rowan Plaza. The tax value of the site is \$222,807 and when escalated by 30% results in an estimated acquisition cost of \$289,649. Phase B is the site for the Parkside Townhomes. The tax value is \$495,665 with an estimated acquisition cost of \$644,364. To this the Consultant has added \$80,000 for demolition and relocation. Phase C is the west side of Murchison Road and has a tax value of \$885,436. The estimated acquisition cost is \$1,151,067 to which has been budgeted \$150,000 for demolition and relocation. Phase D is that portion assumed to be purchased by NCDOT as part of the bridge and traffic circle construction. The total estimated city's acquisition and demolition cost is \$2,315,080.

It should be noted that the properties are being purchased with structures that will be demolished and cleared. The site will be reconstituted and sold to the selected developer at an estimated price based on the tax value of the land plus 30%. The difference between the city's acquisition price and the sale price to the developer will be treated as "Acquisition Writedown". The estimated Acquisition Writedown for the Parkside Townhomes site is \$338,355, and none Rowan the Plaza.

Murchison Road Corridor Study Implementation

CATALYST # 1 PROPERTY INVENTORY												
PARCEL	SITE ADDRESS			VALUE			ZONING	YR_BUILT	SIZE		ACRE	
				Total Tax	(Land)	(Building)			(Lot)			
Phase A SHOPPING CENTER												
0437-47-1606-	441	GREENSBORO	ST	\$ 3,500	\$ 3,500	\$ -	R5	1915	100.00	140.00	0.32	
0437-47-1539		GREENSBORO	ST	\$ 3,150	\$ 3,150	\$ -		0	50.00	140.00	0.16	
0437-47-1478		GREENSBORO	ST	\$ 1,400	\$ 1,400	\$ -			190.00	140.00	0.65	
0437-47-2268-	425	GREENSBORO	ST	\$ 1,750	\$ 1,750	\$ -	R5	0	50.00	140.00	0.16	
0437-47-2327-	431	GREENSBORO	ST	\$ 3,500	\$ 3,500	\$ -	R5	0	50.00	140.00	0.17	
0437-47-2343-	0	GREENSBORO	ST	\$ 3,500	\$ 3,500	\$ -	R5	0	50.00	140.00	0.16	
0437-47-2291-	423	GREENSBORO	ST	\$ 1,313	\$ 1,313	\$ -	R5	0	100.00	140.00	0.32	
0437-47-3124-	421	GREENSBORO	ST	\$ 13,374	\$ 13,374	\$ -	C3	0	50.00	140.00	0.16	
0437-47-3140-	411	GREENSBORO	ST	\$ 12,174	\$ 12,174	\$ -	C3	0	50.00	140.00	0.16	
0437-37-9596-	609	BRUNER	ST	\$ 15,640	\$ 15,640	\$ -	C3	1920	180.00	50.00	0.22	
0437-37-9555-	611	BRUNER	ST	\$ 15,640	\$ 15,640	\$ -	C3	0	50.00	195.00	0.22	
0437-37-9503-	613	BRUNER	ST	\$ 15,640	\$ 15,640	\$ -	C3	0	50.00	195.00	0.22	
0437-37-8527-	428	MURCHISON	RD	\$ 4,976	\$ 4,976	\$ -	C3	1939	50.00	49.00	0.07	
0437-37-8543-	426	MURCHISON	RD	\$ 5,687	\$ 5,687	\$ -	C3	1939	48.75	70.00	0.08	
0437-37-8468-	424	MURCHISON	RD	\$ 4,976	\$ 4,976	\$ -	C3	1939	48.75	70.00	0.07	
0437-47-0188-	408	MURCHISON	RD	\$ 36,967	\$ 36,967	\$ -	C3	1948	120.00	190.94	0.52	
0437-37-8483				\$ 4,265	\$ 4,265	\$ 0			48.75	70.00	0.06	
0437-37-9472-	420	MURCHISON	RD	\$ 14,218	\$ 14,218	\$ -	C3	0	43.00	200.92	0.20	
0437-37-9399-	418	MURCHISON	RD	\$ 13,507	\$ 13,507	\$ -	C3	0	43.00	198.00	0.19	
0437-47-0315-	416	MURCHISON	ST	\$ 14,218	\$ 14,218	\$ -	C3	0	43.00	192.00	0.20	
0437-47-0321-	414	MURCHISON	RD	\$ 13,507	\$ 13,507	\$ -	C3	0	43.00	191.04	0.19	
0437-47-0246-	412	MURCHISON	RD	\$ 19,905	\$ 19,905	\$ -	C3	0	63.00	191.04	0.28	
0437-38-2055				0	0	0			80.00	151.70	0.15	
				\$ 222,807	\$ 222,807						4.93	
Phase B TOWNHOMES												
0437-38-7539-	0	GREENSBORO	ST	\$ 1,050	\$ 1,050	\$ -	R5	0	105.00	78.00	0.25	
0437-38-8318-	541	GREENSBORO	ST	\$ 2,100	\$ 2,100	\$ -	R5	0	275.00	185.00	0.66	
0437-38-8244-	521	GREENSBORO	ST	\$ 3,500	\$ 3,500	\$ -	R5	0	75.00	218.50	0.35	
0437-38-8155-	517	GREENSBORO	ST	\$ 40,269	\$ 6,300	\$ 33,875	R5	1932	91.05	256.96	0.56	
0437-38-8035-	0	GREENSBORO	ST	\$ 3,281	\$ 3,281	\$ -	R5	0	28.00	320.00	0.59	
0437-37-9917-	511	GREENSBORO	ST	\$ 3,938	\$ 3,938	\$ -	R5	0	120.00	320.00	0.74	
0437-37-8723-	0	BRUNER	ST	\$ 7,000	\$ 7,000	\$ -	R5	0	180.00	130.00	0.60	
0437-37-7866-	0	DURHAM	ST	\$ 7,000	\$ 7,000	\$ -	R5	0	150.00	266.00	0.70	
0437-37-8723		DURHAM	ST	7000	7000	0			180.00	130.00	0.60	
0437-47-0902-	507	GREENSBORO	ST	\$ 24,600	\$ 3,500	\$ 21,100	R5	1953	50.00	140.00	0.16	
0437-47-0865-	0	GREENSBORO	ST	\$ 4,375	\$ 4,375	\$ -	R5	0	150.00	210.00	0.26	
0437-47-0769-	501	GREENSBORO	ST	\$ 3,500	\$ 3,500	\$ -	R5	1915	100.00	142.00	0.41	
0437-38-6564-	610	HUBBARD	ST	\$ 263	\$ 263	\$ -	R5	0	50.00	78.00	0.08	
0437-38-7306-	0	HUBBARD	ST	\$ 4,550	\$ 4,550	\$ -	R5	0	175.50	355.00	0.73	
0437-38-5499		HUBBARD	ST	0	0	0			60.00	56.00	0.01	
0437-38-6207-	621	HUBBARD	ST	\$ 45,348	\$ 3,500	\$ 41,848	R5	1940	95.00	308.00	0.67	
0437-47-0769				3500	3500	0			100.00	142.00	0.11	
0437-37-9799-	0	BRUNER	ST	\$ 3,500	\$ 3,500	\$ -	R5	0	59.00	150.00	0.00	
0437-37-9738-	606	BRUNER	ST	\$ 3,500	\$ 3,500	\$ -	R5	1940	50.00	150.00	0.17	
0437-38-4393-	536	DURHAM	ST	\$ 20,200	\$ 3,500	\$ 16,700	R5	1927	65.00	85.00	0.15	
0437-38-5223-	532	DURHAM	ST	\$ 24,300	\$ 3,500	\$ 20,800	R5	1925	37.00	75.00	0.06	
0437-38-5231-	530	DURHAM	ST	\$ 875	\$ 875	\$ -	R5	0	18.00	75.00	0.03	
0437-38-5217-	534	DURHAM	ST	\$ 21,200	\$ 3,500	\$ 17,700	R5	1927	37.00	75.00	0.06	
0437-38-5149		DURHAM	ST	175	175	0			16.00	75.00	0.03	
0437-38-5157-	526	DURHAM	ST	\$ 17,900	\$ 3,500	\$ 14,400	R5	1930	34.00	75.00	0.06	
0437-38-5173-	524	DURHAM	ST	\$ 3,500	\$ 3,500	\$ -	R5	1935	66.00	75.00	0.11	
0437-38-6047-	522	DURHAM	ST	\$ 3,500	\$ 3,500	\$ -	R5	0	100.00	190.00	0.38	
0437-38-6050-	520	DURHAM	ST	\$ 19,800	\$ 3,500	\$ 16,300	R5	1920	50.00	141.00	0.15	
0437-37-6964-	518	DURHAM	ST	\$ 20,800	\$ 3,500	\$ 17,300	R5	1920	50.00	117.00	0.12	
0437-38-4220-	531	DURHAM	ST	\$ 875	\$ 875	\$ -	R5	0	33.00	82.00	0.06	
0437-38-4137-	529	DURHAM	ST	\$ 875	\$ 875	\$ -	R5	0	33.00	79.00	0.05	
0437-38-4154-	527	DURHAM	ST	\$ 875	\$ 875	\$ -	R5	0	33.00	75.00	0.05	
0437-38-4161-	525	DURHAM	ST	\$ 875	\$ 875	\$ -	R5	0	33.00	71.00	0.05	
0437-38-3156-	530	MURCHISON	RD	\$ 875	\$ 875	\$ -	R5	0	30.00	82.00	0.06	
0437-38-3173-	528	MURCHISON	RD	\$ 875	\$ 875	\$ -	R5	0	30.00	79.00	0.05	
0437-38-3180-	526	MURCHISON	RD	\$ 875	\$ 875	\$ -	R5	0	30.00	75.00	0.06	
0437-38-4008-	524	MURCHISON	RD	\$ 875	\$ 875	\$ -	R5	0	30.00	71.00	0.06	
0437-38-4087-	523	DURHAM	ST	\$ 18,200	\$ 2,450	\$ 15,750	R5	1946	47.18	70.35	0.07	
0437-38-5003-	521	DURHAM	ST	\$ 21,000	\$ 2,450	\$ 18,550	R5	1947	47.18	65.05	0.06	
0437-38-3271-	532	MURCHISON	ST	\$ 9,953	\$ 9,953	\$ -	R5	1940	40.00	165.00	0.14	
0437-38-4051-	522	MURCHISON	RD	\$ 19,447	\$ 2,625	\$ 16,822	R5	1946	46.80	65.05	0.08	
0437-38-4025-	520	MURCHISON	RD	\$ 21,300	\$ 2,625	\$ 18,675	C1	1946	46.80	70.35	0.09	
0437-37-5924-	516	MURCHISON	RD	\$ 21,500	\$ 2,625	\$ 18,875	C1	1946	46.80	109.00	0.10	
0437-37-5908-	518	MURCHISON	RD	\$ 14,698	\$ 9,242	\$ 5,456	C1	1946	46.80	119.50	0.13	
0437-37-5849-	514	MURCHISON	RD	\$ 7,820	\$ 7,820	\$ -	C1	1930	46.80	98.40	0.11	
0437-37-6717-	500	MURCHISON	RD	\$ 54,223	\$ 12,441	\$ 41,782	C1	1937	307.00	85.60	0.35	
				\$ 495,665	\$ 159,638	16 STRUCTURES					10.07	
Phase C GREENWAY												
0437-37-3913-	517	MURCHISON	RD	\$ 406,717	\$ 50,474	\$ 346,198	C1	1969	200.00	178.00	0.71	
0437-37-3872-	511	MURCHISON	RD	\$ 13,839	\$ 13,507	\$ -	C1	0	50.00	186.13	0.19	
0437-37-3798-	509	MURCHISON	RD	\$ 14,929	\$ 14,929	\$ -	C1	0	50.00	194.82	0.21	
0437-37-4723-	507	MURCHISON	RD	\$ 24,032	\$ 15,640	\$ 8,392	C1	1940	50.00	205.21	0.22	
0437-37-5509-	501	MURCHISON	RD	\$ 425,919	\$ 84,890	\$ 321,608	C1	1950	278.44	263.38	1.45	
				\$ 885,436	\$ 179,440						2.78	
Phase D ESTIMATED BRIDGE " RIGHT OF WAY"												
0437-37-8173-	413	MURCHISON	RD	\$ 853	\$ 853	\$ -	C1	0	95.00	75.00	0.12	
0437-37-8097-	411	MURCHISON	RD	\$ 4,976	\$ 4,976	\$ -	C1	0	57.50	105.00	0.07	
0437-37-7293-	423	MURCHISON	RD	\$ 11,374	\$ 11,374	\$ -	C3	0	55.25	132.00	0.16	
0437-37-8118-	419	MURCHISON	RD	\$ 11,374	\$ 11,374	\$ -	C3	0	55.25	132.00	0.16	
0437-47-1035				\$ 44,076	\$ 44,076	\$ 0			215.68	191.65	0.62	
0437-47-3071-	406	GREENSBORO	ST	\$ 246,500	\$ 36,967	\$ 205,273	C3	1965	150.00	140.00	0.52	
0437-46-4911	400	GREENSBORO	ST	20681	11374	0			50.00	140.00	0.16	
0437-46-2936-	528	ROWAN	ST	\$ 28,436	\$ 28,436	\$ -	C3	0	187.50	185.00	0.46	
0437-46-4865	506	ROWAN	ST	\$ 71,728	\$ 21,327	\$ 47,478	C3	0	198.46	165.50	0.30	
0437-37-6343-	425	MURCHISON	RD	\$ 61,648	\$ 61,648	\$ -	C3	0	309.11	263.38	2.22	
0437-37-7009-	614	ROWAN	ST W	\$ 25,160	\$ 14,218	\$ 8,919	C3	1963	110.00	90.00	0.20	
0437-37-8009	612	ROWAN	ST W	\$ 85,496	\$ 12,796	\$ 71,498		1966	78.00	90.00	0.18	
0437-37-8084				-	-	-			108.00	45.00	0.08	
				\$ 612,302	\$ 259,419						5.19	

EXHIBIT 12A

ROWAN PLAZA

Rowan Plaza is the 43,320 SF shopping center included in the development concept presented in Exhibit 3. The Consultant recommends that the required land be assembled, purchased and made ready to be sold to a developer. This includes clearing, relocation as required, and any necessary environmental remediation. The Development Budget and recommended sources of financing presented in Exhibit 13, pertain to the project after the city has control and has cleared the site. The budget (Uses) assumes an acquisition cost based on 130% of the tax value which includes sale commissions if paid; construction costs based on recent comparables; and typical soft costs for a project of this size. The Sources of financing the required \$5.9M includes a \$4.6M First Mortgage. This is the maximum amount that can be supported by the Cash Flow indicated in Exhibit 14, in order to provide a 1.2 Debt Coverage. Likewise \$360,000 is the maximum private Equity the Cash Flow can support while providing a 15 year Return on Investment of over 25% as indicated in Exhibit 14. This underwriting criteria and returns are considered reasonable for the risks associated with a project located in such an unproven redevelopment area. It is recommended that the remaining “Gap Financing” be provided by the city in the form of a \$700,000 Second Mortgage, and an Acquisition Loan (Purchase Money Note) of about \$290,000. Both notes would be at a 2% interest for 20 years with payments deferred for the first 5 years.

ROWAN PLAZA (without Hotel)									
SOURCES & USES									
SOURCES									
	Amount	% of Total	Rate	Term	Amortz	Debt Serv	Debt Coverage		
First Mortgage	\$ 4,600,000	77.32%	6.75%	20	20	\$ 425,807	1.21		
*City Second mortgage	\$ 700,000	11.77%	2.00%	20	20	\$ 42,810	1.21		(1st&2nd Mortg)
*City Acquisition Loan	\$ 289,649	4.87%	2.00%	20	20	\$ 17,714			
Non-Repayable Grants	\$ (0)	0.00%							
Other	\$ 359,797	6.05%							
Equity Investment	\$ 5,949,446	100%				\$ 486,330			
GRAND TOTAL									
*Deferred for 5 Yrs									
USES									
Acquisition									
Land purchase (Tax Value plus 30%)	\$ 289,649								
Sales Commissions									
SUBTOTAL	\$ 289,649								
Site Development	@\$14.50 /SY	\$ 628,140							
Building Construction	43,320 SF	\$ 3,812,160							
Construction Contingency	@ \$88 /SF	\$ 556,403							
Design/Legal Consultants									
DESIGN CONSULTANTS	@6%	\$ 228,730							
TITLE, LEGAL & RECORDING		\$ 15,000							
SUBTOTAL		\$ 243,730							
Planning and Administration									
SURVEY		\$ 1,000							
CONSULTANTS		\$ 8,000							
APPRAISAL		\$ 3,000							
ENVIRONMENTAL REPORT		\$ 3,000							
PERM MORTG ORIGINATION FEE (1 Point)		6,470							
DEVELOPER FEE	8%	\$ 397,894							
SUBTOTAL		\$ 419,364							
GRAND TOTAL		\$ 5,949,446							

EXHIBIT 13

ROWAN PLAZA RETURN ON INVESTMENT					
RETURN ON INVESTMENT					
TAXABLE INCOME		YR1	YR2	YR15	
CASH FLOW					
AMORTIZATION (+)	1st MORT	\$ (22,644)	\$ 87,249	\$ 318,191	
(PRINCIPAL)	2ND MORT	\$115,307	\$123,090	\$287,743	
DEPRECIATION (-)	BUILDINGS	\$40,731	\$41,545	\$53,743	
	OTHER	(\$113,854)	(\$113,854)	(\$113,854)	
		(\$83,873)	(\$83,873)		
TOTAL TAXABLE EARNINGS		\$ (64,333)	\$ 54,158	\$ 545,823	
TOTAL RETURN(AFTER TAX)					
CASH FLOW		(\$22,644)	\$87,249	\$318,191	
TAX LIABILITY/BENEFITS @ 36% RATE		\$23,160	(\$19,497)	(\$196,496)	
SALE PROCEEDS (NET)				2,886,655	
NET CASH FLOW AFTER TAX	\$ (359,797)	\$516	\$67,752	\$3,008,349	
INTERNAL RATE OF RETURN					
INVESTMT		\$ 359,797			
TOTAL RETURN		\$ 4,130,939			
IRR		25%			
LOAN AMORTIZATION					
BALANCE	1ST Mort	\$ 4,600,000	\$ 4,484,693	\$ 2,045,384	
PAYMENT		\$ 425,807	\$425,807	\$425,807	
INTEREST		\$310,500	\$302,717	\$138,063	
AMORTIZATION		\$115,307	\$123,090	\$287,743	
BALANCE	2nd Mort	\$ 989,649	\$ 948,918	\$ 339,019	
PAYMENT		\$ 60,524	\$60,524	\$60,524	
INTEREST		\$19,793	\$18,978	\$6,780	
AMORTIZATION		\$40,731	\$41,545	\$53,743	

EXHIBIT 13A

ROWAN PLAZA CASH FLOW						
		SF RENT		TOTAL LEASABLE SI		YR1
(Tenant pays utilities)						
TOTAL GROSS INCOME						
BASE RENT (Trend @ 3%)						
GROCERY STORE	\$	13.00	/SF	9,720	\$	126,360
RETAIL SHOPS (28@1,200)	\$	15.00	/SF	33,600	\$	504,000
				43,320	\$	630,360
REIMBURSABLES						
INSURANCE		\$0.60	/SF		\$	25,992
PROPERTY TAXES		\$1.50	/SF		\$	65,108
COMMON AREA MAINTENANCE		\$0.75	/SF		\$	32,490
TOTAL					\$	123,590
TOTAL					\$	753,950
VACANCY (15%, 10%, 5%)					\$	113,093
EFFECTIVE GROSS INCOME					\$	640,858
OPERATING EXPENSES (Trend @ 4%)						
INSURANCE		\$0.60	/SF		\$	25,992
PROPERTY TAXES		\$1.50	/SF		\$	65,108
COMMON AREA MAINTENANCE (CAM)		\$0.75	/SF		\$	32,490
TOTAL					\$	123,590
NET OPERATING INCOME					\$	517,267
DEBT SERVICE 1ST MORT (Bank)	\$4,600,000	6.75%	20	yrs	\$	425,807
CITY LOAN PAYMENTS	\$ 989,649	2.0%	20	yrs	(DEFERRED FOR 5 YRS)	
TOTAL DEBT SERVICE	\$5,589,649				\$	425,807
CASH FLOW					\$	30,937
DEBT COVERAGE 1ST MORT						1.21
DEBT COVERAGE 1st & 2nd						1.21
PROPERTY MANAGEMENT	10%	BASE RENT			\$	53,581
NET CASH FLOW					\$	(22,644)

EXHIBIT 14

ROWAN PLAZA INVESTMENT AND RETURN			
USE (leasable space 90%)			
RETAIL (GROCERY)	9,720 SF		
RETAIL (OTHER)	33,600 SF		
PARKING	217 SPACES		
HOTEL	100 Suites		
PARKING	120 SPACES		
TOTAL INVESTMENT (without Hotel)	\$ 5,949,446		
PRIVATE INVESTMENT			
EQUITY	\$ 359,797		
PRIVATE DEBT	\$ 4,600,000		
POTENTIAL RETURN ON INVESTMENT (15 Yrs)	25%		
POTENTIAL PROFIT			
CITY INVESTMENT (without Hotel)	YEAR 1	TOTAL (10 Years)	TOTAL (25 Years)
CITY ACQUISITION LOAN	\$ 289,649	\$ 289,649	\$ 289,649
CITY SECOND MORTGAGE	\$ 700,000	\$ 700,000	\$ 700,000
*RELOCATEE'S RENT SUBSIDY (FOR 25,000 SF)	\$ 100,000	\$ 750,000	\$ 750,000
Total City Contribution	\$ 1,089,649	\$ 1,739,649	\$ 1,739,649
RETURN			
CITY LOAN PAYMENTS		\$ 302,618	\$ 1,210,474
ANNUAL PROPERTY TAX			
TOTAL	\$ 65,108	651,080	\$ 1,627,700
CITY	\$ 24,825	248,254	\$ 620,634
Total City Return	\$ 24,825	550,872	1,831,108
JOB (not including Hotel)			
PERMENANT	1 Retail/250SF	212	
CONSTRUCTION	(Full-Time Equivalent)	46	
*\$4/SF 1-5 YRS, \$2/SF 6-10YRS			

EXHIBIT 15

Exhibit 15 summarizes the private and city investments and returns. Please note that in addition to the two loans discussed above, it is recommended that the city provide a rent subsidy for relocating businesses. Because of the existing depressed real estate values and limited market, the existing businesses are paying depressed rents and can not afford the new rents required to support the new development. Secondly their relocation will not necessarily for their benefit but that of the city. Therefore some form of rent subsidy is justified to phase them into the new market rents. The Consultant recommends a subsidy rate of \$4/SF for the first 5 years and \$2/SF for the second 5 years. This would average \$3/SF over a 10 year phase in period. For this project \$750,000 has been budgeted for this subsidy which will support 25,000 SF of space. This should be sufficient to cover V-Point Grocery, Vick's Corner, and the other smaller relocating businesses in the area. Paye Funeral Home has identified another more appropriate location. It is also assumed that the Downtown Loan Program and Business Assistance Loan Program will be available for the individual tenants.

Based on the total 25 year city investment of \$1,739,649 in the form of a Second Mortgage, Purchase Money Note, and rent subsidy; the city should realize in return \$1,889,370 in the form of loan payments and property taxes. In addition, the existing blight will be removed, and 212 permanent and 46 construction jobs will be created.

PARKSIDE TOWNHOMES

Parkside is the 84 unit residential complex included in the development concept presented in Exhibit 3. Exhibit 16 provides a further description, amenities, and features of the units. The development budget and recommended sources of financing is presented in Exhibit 17. The budget (Uses) assumes an acquisition cost based on 130% of the tax value which includes commissions if paid; construction costs based on recent comparables; and typical soft costs for a project of this size. The budget also provides for a 16% profit to the developer in addition to 4% for development administration, and 5% construction contingency.

Residential Condo's		84 Units
2 Story TOWNHOMES, 84 Units		
Attached units with garage		
42	2Brm/ 2 Bath	1,250 SF
42	3Brm/ 2.5 Bath	1,400 SF
Amenities		
Outside		
Downtown Location		
Clubhouse		
Swimming Pool		
Patio		
Court Yards		
Park Access		
Unit Features		
Walk-in Closets		
Designer Kitchen Appliances		
Granite countertops		
Undermount sinks		
Hardwood Floors in Foyer/Living/Dinning Areas		
Plush Carpet bedrooms		
Tiled bathrooms/Kitchens		
Cable and High Speed Internet		

EXHIBIT 16

PARKSIDE TOWNS DEVELOPMENT SOURCES AND USES								
SOURCES						DEVELOPMENT	CONSTRUCTION	CITY
	SF	Total SF	Price/SF	Unit Price		LOAN	LOAN (12 UNITS)	CONTRIB
UNIT SALE PRICING				(1st Yr)				
2Brm/ 2B	1,250	52,500	\$ 112	\$ 140,000	42			
3Brm/ 2.5B	1,400	58,800	\$ 112	\$ 156,800	42			
TOTAL Residential		111,300			84			
	Phase 1 Constru 24 Units @	Phase 2 (3% increase) 30 Units @	Phase 3 (3% increase) 30 Units @					
SALE PROCEEDS	\$ 148,400	\$ 152,852	\$ 157,438		\$ 12,870,287			
	\$ 148,400	\$ 152,852	\$ 157,438		\$ 12,870,287			
TOTAL DEVELOPMENT SOURCES					\$ 12,870,287	\$ 810,367	\$ 1,327,638	\$ 207,529
DEVELOPMENT USES								
LAND COSTS								
ACQUISITION @ Tax Value plus 30%					207,529			\$ 207,529
SUBTOTAL	\$ 2,471	\$ 1.86	/SF		\$ 207,529	\$ 207,529		\$ 207,529
SITE IMPROVEMT COSTS								
UTILITIES	\$ 1,000				\$ 84,000			
POOL	\$ 357				\$ 30,000			
LANDSCAPE	\$ 893				\$ 75,000			
CONTINGENCY @ % OF CONSTR	\$ 135	6%			\$ 11,340			
SUBTOTAL	\$ 2,385	\$ 1.80	/SF		\$ 200,340	\$ 200,340	\$ -	\$ -
UNIT CONSTRUCTION COST								
RESIDENTIAL CONDO CONSTRUCTION @ /SF	\$ 86,125	\$ 65	/SF		\$ 7,234,500			
CLUB/Common Area Equipment/Furniture	\$ 595	\$ 0.45	/SF		\$ 50,000			
PERMITS AND FEES @ % CONSTR	\$ 867	1%			\$ 72,845			
CONTINGENCY @ % CONSTR	\$ 4,379	5%			\$ 367,867			
SUBTOTAL	\$ 91,967	\$ 69.41	/SF		\$ 7,725,212	\$ -	\$ 1,103,602	
UNIT OTHER COSTS								
DESIGN FEES @ % CONSTR	\$ 3,302	3.5%			\$ 277,394	\$ 277,394		
DEVELOPMENT ADMINISTRATION/ FEE	\$ 3,976	4.0%			\$ 333,946		\$ 19,878	
CONSTRUCTION LOAN FEE @ % Constr loan	\$ 202	1.0%	LOC	\$ 1,700,000	\$ 17,000	\$ 17,000		
DEVELOPMENT LOAN FEE @ % Constr loan	\$ 96	1.0%			\$ 8,104	\$ 8,104		
DEVELOPMENT LOAN INTEREST	\$ 1,737	6.0%	6 Years	\$ 145,866	\$ 145,866		\$ 48,622	
CONSTRUCTION LOAN INTEREST	\$ 3,793	8.0%	2Yrs/Phase	\$ 318,633	\$ 318,633		\$ 106,211	
MARKETING @ % OF SALES	\$ 2,298	1.5%			\$ 193,054	\$ 100,000	\$ 27,579	
HO DUES INCLUDING INSUR FOR UNSOLD UNITS	\$ 120	\$10	/month/unit		\$ 10,080		\$ 3,360	
OTHER PROF,INSUR, ADMIN, TAXES @ % OF DEV COST	\$ 1,532	1%			\$ 128,703		\$ 18,386	
SUBTOTAL	\$ 17,057	12.87	/SF		\$ 1,432,780	\$ 402,498	\$ 224,036	\$ -
SALES COSTS								
UNIT CLOSING COSTS @ % OF SALES	\$ 2,298	1.5%			\$ 193,054			
SALES COMMISSIONS @ % OF SALES	\$ 7,661	5%			\$ 643,514			
SALES CONNESIONS	\$ 4,597	3%			\$ 386,109			
SUBTOTAL	\$ 14,556	10.99	/SF		\$ 1,222,677	\$ -	\$ -	
TOTAL DEVELOPMENT USES	\$ 128,435	96.93	/SF		\$ 10,788,539	\$ 810,367	\$ 1,327,638	\$ 207,529
DEVELOPMENT NET SALES PROCEEDS	\$ 24,783	16%			\$ 2,081,748			

EXHIBIT 17

The Sources of financing is based on an initial average Sale Price of \$148,000 that is increased 1.5% each year. It is assumed that the development will be sold out in 6 years at the rate of 12-15 units per year. The project will need a Development Loan of \$810,000 which covers acquisition, site improvements, and preconstruction soft costs. In addition, the project will need a revolving construction loan of \$1.3M which will allow up to 12 units to be under construction at any point in time. Generally, private banks will require the units using their financing to be sold prior to

construction (Presold), which makes it difficult to finance the models required for the initial marketing and sales process.

Another challenge in home financing in redevelopment areas is affordability. Generally, if public money is used, there is a requirement for a certain number of the units to be affordable to low-moderate income families (80% Area Median Income) which for a family of 4 in Fayetteville is \$39,440. For the purpose of budgeting, the Consultant assumes an affordability goal of \$29,580 (60% AMI). Exhibit 18 indicates that a subsidy of \$66,000 to \$82,000 in the form of soft second mortgages will be required to reach this affordability goal. If we further assume that \$20,000 will be available from the NC Housing Finance Agency's Homeownership program, then there will be a remaining gap of \$46,000-\$62,000.

AFFORDABILITY ANALYSIS		
	A	B
PARKSIDE TOWNHOMES	2Brm/ 2B	3Brm/ 2.5B
TOTAL UNITS	42	42
TOTAL AFFORDABLE UNITS	12	12
Financial Assumptions		
Area Median Income - FY 2008 (Family of 4)	49,300	49,300
Maximum Program Sale Price (if applicable)	140,000	156,800
Max. Payment - Housing (%)	30%	30%
Max. Payment - Housing/Other Debt (%)	40%	40%
Monthly Escrows (Insurance & Taxes)	200	200
Avg. Monthly Payment - Other Debt	350	350
Minimum Downpayment from Purchaser	5%	\$7,840
Maximum Closing Costs	2000	2000
Local Program Downpayment/Closing Cost Assistance	2000	2000
First Mortgage Interest Rate	6.50%	6.50%
Loan Term (years)	30	30
Per Unit Calculation of Maximum Supportable Debt and Resource Requirements by AMI		
Average AMI within income bracket	60%	60%
Annual Income	\$29,580	\$29,580
Monthly income	\$2,465	\$2,465
Income available for monthly housing escrows and other debt	40%	\$986
Total monthly housing escrows and other debt	\$550	\$550
Net available for debt service	\$436	\$436
Max. supportable first mortgage	\$68,980	\$68,980
Average Program Purchase Price + Closing Costs	\$142,000	\$158,800
Less Max. Supportable First Mortgage	\$68,980	\$68,980
Less Purchaser Downpayment	\$7,000	\$7,840
Less Max. NCHFA Assistance	\$20,000	\$20,000
CITY Funded Loan Required for Avg. Program Purchase Price	\$46,020	\$61,980
TOTAL CITY CONTRIBUTION	\$1,296,002	

EXHIBIT 18

In order to make this project financially viable, the Consultant recommends that the required land be assembled; purchased and cleared along with the necessary relocation and any required environmental remediation; and sold to the developer with a Purchase Money Note. If the project is completed by the developer within the time agreed upon, the note would be forgiven. This note will reduce the Development Loan Requirement by \$207,529. Secondly, it is recommended that the city budget \$1.3M for soft Second Mortgages of \$46,000-\$62,000 for 24 of the 84 units. These loans would be at a 2% interest for 20 years with payments deferred for the first 5 years.

To assist in the construction financing, it is further recommended that this second mortgage amount be contributed during construction as part of construction financing, and then converted to the Second Mortgage upon closing with a qualified buyer. Finally, to assist in the initial marketing and sales, it is recommended that approximately \$200,000 of the budgeted Second Mortgage Fund be used up front for financing 2 models. These same dollars would be repaid and recycled for the Second mortgages for the last 4 of the 24 affordable units. Exhibit 19 presents a summary of these recommendations. Over a total 25 years the city would invest \$1.5M and receive in return \$2.4M in mortgage payments and property taxes. In addition the project would remove the existing blight, create 84 (full time equivalent) construction jobs, and add 24 units of affordable housing to the city's inventory.

PARKSIDE FINANCIAL SUMMARY			
USE (leasable space 90%)			
TOWNHOMES	84		
TOTAL INVESTMENT	\$ 12,870,287		
PRIVATE INVESTMENT			
EQUITY (DEV ADMIN FEES)	\$ 333,946		
PRIVATE DEBT (DEVELOPMENT & CONSTRUCTION LOC)	\$ 2,138,005		
POTENTIAL RETURN ON INVESTMENT (15 Yrs)			
POTENTIAL PROFIT	16%		
CITY INVESTMENT	YEAR 1	TOTAL (10 Years)	TOTAL (25 Years)
CITY ACQUISITION LOAN	\$ 207,529	\$ 207,529	\$ 207,529
HOMEBUYER 2ND MORTGAGE SUBSIDY	\$ 216,000	\$ 1,296,002 (6 Yrs)	\$ 1,296,002
	\$ 423,530	\$ 1,503,531	\$ 1,503,531
RETURN			
HOMEBUYER 2ND MORTGAGE PAYMENTS (PRINCIPAL ONLY)			\$ 1,296,002
ANNUAL PROPERTY TAX			
TOTAL	\$ 24,753	1,041,091	2,879,332
CITY	\$ 9,438	396,963	1,097,875
TOTAL CITY RETURN	\$ 9,438	\$ 396,963	\$ 2,393,877
JOB			
CONSTRUCTION (Full-Time Equivalent)	84		
AFFORDABLE HOUSING UNITS	24		

V. CATALYST SITE #3

MURCHISON/JASPER

SITE LOCATION



Exhibit 20 is a general location map of this site. It is at the corner of Jasper Street and Murchison Road. It presently contains Suburban Mart, a 12,600 SF neighborhood strip center with a convenience store, beauty shop, and a florist; Colvin Funeral Home; and two small commercial buildings, one of which is a day care center and the other, an office building. The strip center and commercial building are old and obsolete. Notwithstanding that this area has a high concentration of poverty and drug related crime, it is the gateway to the Holly Springs and Broadell developments which are middle-class residential communities. The visual blight and crime perception of this site makes it the most challenging for redevelopment. On the other hand, its strategic location along the corridor and near Fayetteville State University and middle-class communities gives it redevelopment potential.

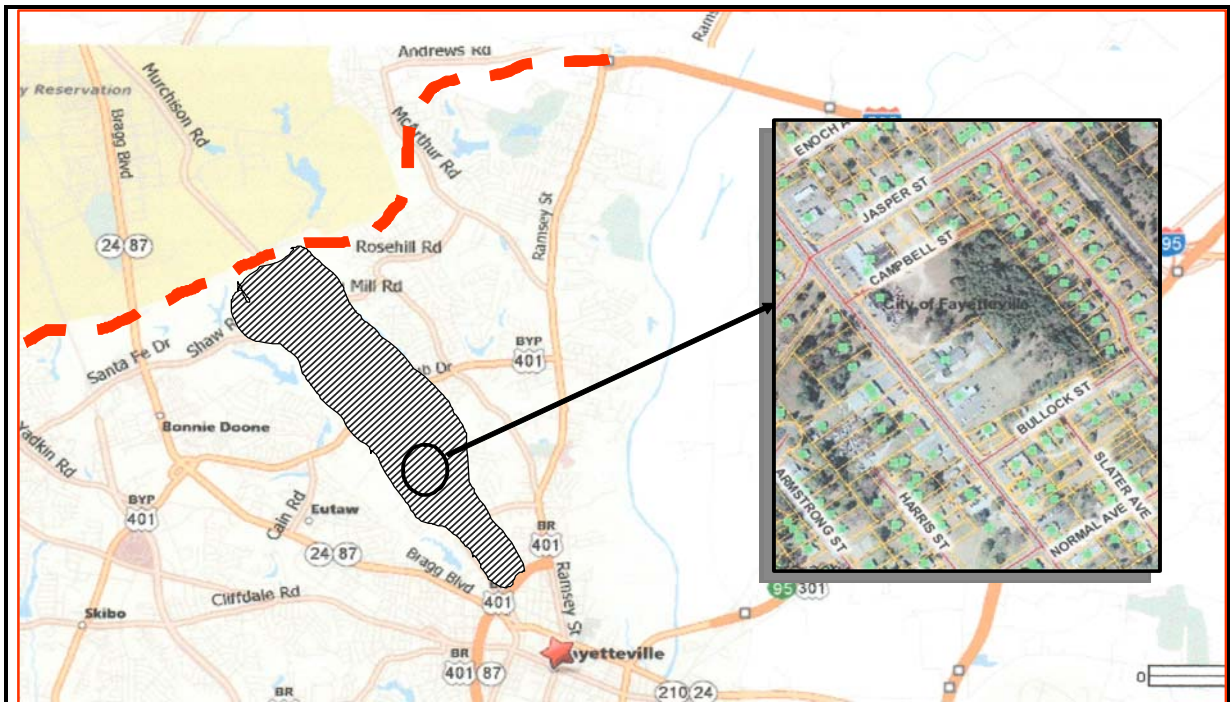


EXHIBIT 20

DEVELOPMENT PLAN MARKET ANALYSIS AND RECOMMENDATIONS

Based on a market analysis and assessment of the site, the Development Plan recommended retail redevelopment and expansion. The market analysis identifies a short-term retail demand for 24,000 – 34,000 SF and a long-term demand for an additional 90,000 – 117,000 SF; a short term residential demand for 80 – 110 units and a long-term residential demand for an additional 110 -135 units; and a short term office demand for 50,000 – 93,000 SF and a long term for an additional 82,000 – 150,000 SF. The Development Plan calls for continuation of the site's neighborhood commercial role with possible expansion with civic functions to service establishments needed by residents (banks, grocery stores, financial services, drug stores, etc.). It also recognized that the area is in need of a physical upgrade to help change its image.

PROPERTY/BUSINESS OWNER INTERVIEWS

Exhibit 21 is the inventory of all property, owners, and tax value of properties within the Catalyst Site #3. Exhibit 22 provides an inventory of key property and business owners, and a summary of their reactions to the recommendations of the Development Plan.

The Consultant met individually with representatives of the 3 property/business owners representing all 3 of the major property and businesses affected by the plan. The results of the Development Plan were presented. The Consultant discussed with each property/business owner the potential impact of the plan on their property or business. All support the plan and look forward to cleaning up the blight and redeveloping the community. Mr. Spurgen Watson, who manages the strip center and owner of the Suburban Mart convenient store, stated that he does not plan to renew his lease when it expires in late 2009. He plans to retire from the business and is not interested in participating in a potential development. Mr. Watson is also the owner of SDDL Inc. which owns the large parcel to the south of the strip center. He is interested in selling the SDDL property. Mr. Colvin, who owns the funeral home and property, welcomes a new development next door. He is interested in purchasing that portion of the SDDL parcel which is directly behind and to the south of his complex. He is assuming that it will not be used for any new shopping center.

CATALYST # 3 PROPERTY INVENTORY														
PARCEL	SITE ADDRESS		VALUE			OWNER(S)	ADDRESS				YR BUIL	SIZE		ACRE
			Total Tax	(Building)	(Land)							(Lot)		
0428-85-6724-	1212 MURCHISON	RD	\$ 366,600	\$ 51,896	\$ 302,229	BUTLER, WILLIE MAE	PO BOX 1723		FAY ETT NC	28302	1963	159 X200		0.73
0428-95-0530-	2008 MURCHISON	RD	\$ 548,537	\$ 343,462	\$ 186,237	SLLD INC	PO BOX 1215		FAY ETT NC	28302	1938	0 0		6.9
0428-85-9338-	2010 MURCHISON	RD	\$ 455,346	\$ 69,696	\$ 384,034	ASCO ENTERPRISES L	2010 MURCHISON	RD	FAY ETT NC	28301	1971	150 X290.5		1

EXHIBIT 21

CATALYST # 3 CONTACT SHEET						
MAP #	PARCEL	SITE ADDRESS	VALUE Total Tax	OWNER(S)	CONTACT RESULTS	
1	0428-85-6724-	1212 MURCHISON ROAD SUBURBAN MART	\$ 366,600	BUTLER, WILLIE MAE PO BOX 1723 FAYETTEVILLE NC 28302	Met with Spurgen Watson 11/13/2008. He is the owner of the convenient store in Suburban Mart. Spurgen is not planning to renew his lease when it expires in about a year. He plans to retire from the business and not interested in participating in a potential development. Plan to met with Mrs. Butler the property owner. Contact: Spurgen Watson 910 488-9740/ Wife's cell 910 797-7178	
2	0428-95-0530-	2008 MURCHISON ROAD VACANT/OFFICE BLDG	\$ 548,537	SLLD INC PO BOX 1215 FAYETTEVILLE NC 28302	Spurgen Watson is also the owner of SDDL Inc. which owns the large parcel next door (south). This parcel along with Mrs. Butler's Suburban Mart property is required for the shopping center development. Spurgen is interested in selling the SDDL property. Contact: Spurgen Watson 910 488-9740/ Wife's cell 910 797-7178	
3	0428-85-9338-	2010 MURCHISON ROAD FUNERAL HOME	\$ 455,346	ASCO ENTERPRISES LLC 2010 MURCHISON RD FAYETTEVILLE NC 28301	Met with Mitch Colvin 11/13/2008, the owner of ASCO Enterprises LLC. Mitch welcomes a new development next door to his funeral home. He would like to purchase that portion of the SDDL parcel which is behind and to the south of his complex. Contact: 910 987-0590	

EXHIBIT 22

DEVELOPMENT CONCEPTS RECOMMENDATIONS

Based on the recommendations in the Development Plan, the interviews with property and local business owners, and the professional opinions of the architect and the consultant, the development concept presented in Exhibit 4 is recommended.

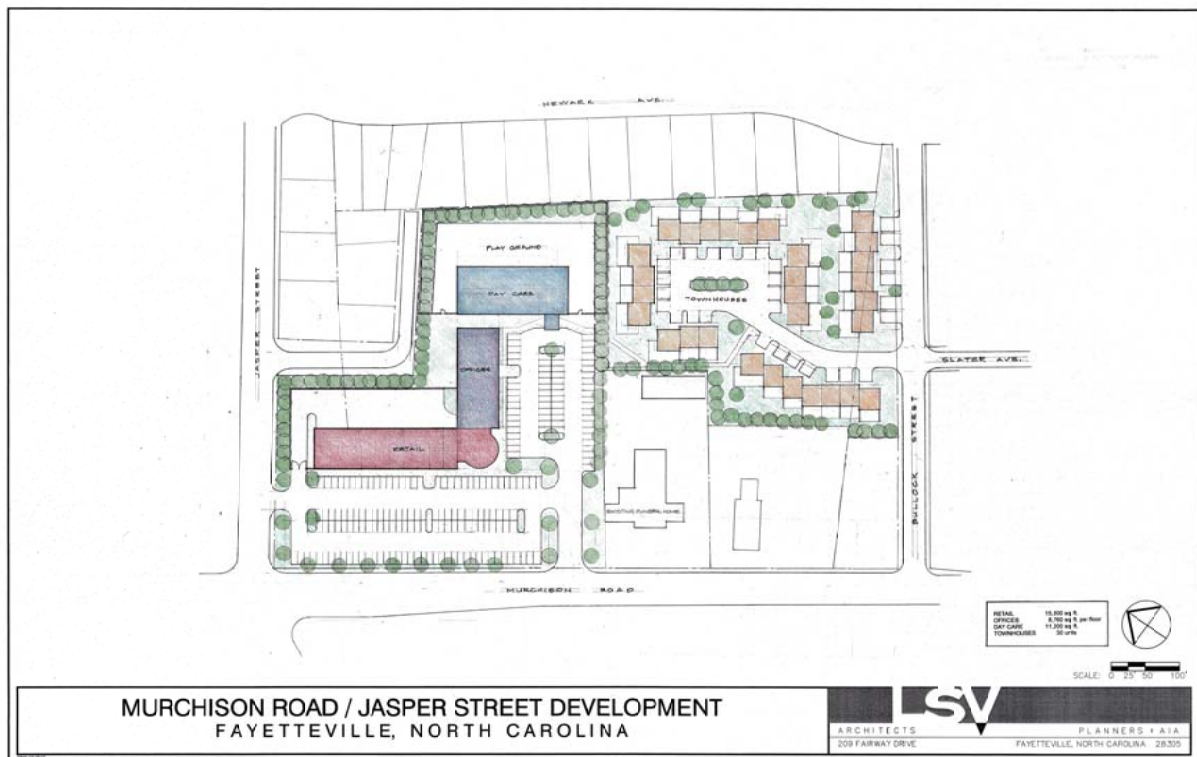


EXHIBIT 4

The concept contains a mixed-use complex which will be referred to as Jasper Plaza. It has 14,040 SF of retail space, 7,884 SF of office space, and a 10,080 SF day care center. All are supported with 200 parking spaces. The site also contains University Townhomes, a 30 unit affordable housing development. This concept responds to the market and recommendations contained in the Development Plan. It also provides a potential home for relocating established businesses such as the florist, beauty shop, and daycare center.

FINANCIAL FEASIBILITY

ACQUISITION

Exhibit 24 provides the inventory and tax values for the 2 parcels on the site. The total tax value of the site is \$915,137 and when escalated by 30% results in an estimated acquisition cost of \$1,189,678. To this the Consultant has added \$100,000 for demolition and relocation. These properties will be reconstituted into 3 parcels which will contain the mixed use complex (Jasper Plaza), University Townhomes, and a residual piece that may be sold. The total estimated sale price for the 3 new parcels is \$635,006. This is based on the tax value of the land plus 30%. The difference between the city's acquisition price and the sale price to the developer will be treated as "Acquisition Writedown". The estimated Acquisition Writedown for this site is \$554,672.

CATALYST # 3 PROPERTY INVENTORY									
PARCEL	SITE ADDRESS			VALUE			YR BUIL	SIZE	ACRE
				Total Tax	(Building)	(Land)		(Lot)	
0428-85-6724-	1212 MURCHISON	ROAD		\$ 366,600	\$ 51,896	\$ 302,229	1963	159	200 0.73
0428-95-0530-	2008 MURCHISON	ROAD		\$ 548,537	\$ 343,462	\$ 186,237	1938	0	0 6.9
				\$ 915,137		\$ 488,466			7.63

EXHIBIT 24

JASPER PLAZA

Jasper Plaza is the 32,000 SF mixed-use center included in the development concept presented in Exhibit 4. The complex includes retail and office space, and a day-care center. The Consultant recommends that the required land be assembled, purchased and made ready to be sold to a developer. This includes clearing, relocation as required, and any necessary environmental remediation. The Development Budget and recommended sources of financing presented in Exhibit 25, pertain to the project after the city has control and cleared the site. The budget (Uses) assumes an acquisition cost based on 130% of the tax value which includes commissions if paid; construction costs based on recent comparables; and typical soft costs for a project of this size. The Sources of

financing the required \$4.7M includes a \$3.3M First Mortgage. This is the maximum amount that can be supported by the Cash Flow necessary a 1.5 Debt Coverage as indicated in Exhibit 26. Likewise \$300,000 is the maximum private Equity the Cash Flow can support while providing a 15 year Return on Investment of over 25% as indicated in Exhibit 27. This underwriting criteria and returns are considered reasonable for the risks associated with a project located in such an unproven redevelopment area. It is recommended that the remaining “Gap Financing” be provided by the city in the form of a \$620,000 Second Mortgage, and an Acquisition Loan (Purchase Money Note) of about \$514,000. Both notes would be at a 2% interest for 20 years with payments deferred for the first 5 years.

JASPER PLAZA SOURCES & USES								
SOURCES								
	Amount	% of Total	Rate	Term	Amortz	Debt Serv	Debt Coverage	
First Mortgage	\$ 3,300,000	69.74%	6.75%	20	20	\$ 305,470	1.16	
*City Second Mortgage	\$ 620,000	13.10%	2.00%	20	20	\$ 37,917	1.16	
*City Acquisition Loan	\$ 513,952	10.86%	2.00%	20	20	\$ 31,432		
Other	\$ 1	0.00%						
Equity Investment	\$ 298,055	6.30%						
GRAND TOTAL	\$ 4,732,008	100%						
*Deferred for 5 Yrs								
USES								
Acquisition								
Land purchase (Tax Value plus 30%)	\$ 513,952							
Sales Commissions	\$ -							
SUBTOTAL		\$ 513,952						
Site Development (including Pkg)	@\$14.50 /SY	\$ 464,058						
Building Construction	32,004 SF @ \$88 /SF	\$ 2,816,352						
Construction Contingency		\$ 413,927						
Design/Legal Consultants								
DESIGN CONSULTANTS @6%	\$ 168,981							
TITLE, LEGAL & RECORDING	\$ 15,000							
SUBTOTAL		\$ 183,981						
Planning and Administration								
SURVEY	\$ 1,000							
CONSULTANTS	\$ 8,000							
APPRAISAL	\$ 3,000							
ENVIRONMENTAL REPORT	\$ 3,000							
PERM MORTG ORIGINATION FEE (1 Point)	6,470							
DEVELOPER FEE 8%	\$ 318,267							
SUBTOTAL		\$ 339,737						
GRAND TOTAL		\$ 4,732,008						

EXHIBIT 25

JASPER PLAZA CASH FLOW					
	SF RENT		TOTAL LEASABLE SF		YR1
TOTAL GROSS INCOME					
BASE RENT (Trend @ 3%)					
DAYCARE	\$ 12.00	/SF	10,080	\$	120,960
OFFICES	\$ 15.00	/SF	7,884	\$	118,260
RETAIL SHOPS (12 @1,200 SF)	\$14.00	/SF	14,040	\$	196,560
			32,004	\$	435,780
REIMBURABLES					
INSURANCE	\$0.60	/SF		\$	19,202
PROPERTY TAXES	\$1.83	/SF		\$	58,631
COMMON AREA MAINTENANCE	\$0.75	/SF		\$	24,003
				\$	101,836
TOTAL				\$	537,616
VACANCY (15%, 10%, 5%)				\$	80,642
EFFECTIVE GROSS INCOME				\$	456,974
OPERATING EXPENSES (Trend @ 4%)					
INSURANCE	\$0.60	/SF		\$	19,202
PROPERTY TAXES	\$1.83	/SF		\$	58,631
COMMON AREA MAINTENANCE (CAM)	\$0.75	/SF		\$	24,003
TOTAL				\$	101,836
NET OPERATING INCOME				\$	355,138
DEBT SERVICE 1ST MORT (Bank)	\$3,300,000	6.75%	20	yrs	\$ 305,470
CITY LOAN PAYMENTS	\$1,133,952	2.0%	20	yrs	deferred for 5Yrs
TOTAL DEBT SERVICE	\$4,433,952				\$ 305,470
CASH FLOW				\$	49,667
DEBT COVERAGE 1ST MORT					1.16
DEBT COVERAGE 1st & 2nd					1.16
PROPERTY MANAGEMENT	10%	BASE RENT		\$	37,041
NET CASH FLOW				\$	12,626

EXHIBIT 26

JASPER PLAZA RETURN ON INVESTMENT				
<u>RETURN ON INVESTMENT</u>				
		YR1		YR15
TAXABLE INCOME				
CASH FLOW		\$ 12,626	\$	179,942
AMORTIZATION (1st MORT	\$ 3,300,000	\$82,720		\$206,425
(PRINCIP. 2ND MORT	\$ 1,133,952	\$0		\$55,775
DEPRECIATION (BUILDINGS	\$ 3,280,410 39 YRS	(\$84,113)		(\$84,113)
OTHER	\$ 339,737 5YRS	(\$67,947)		
TOTAL TAXABLE EARNINGS		\$ (56,714)	\$	358,029
<u>TOTAL RETURN(AFTER TAX)</u>				
CASH FLOW		\$12,626		\$179,942
TAX LIABILITY/BENEFITS @ 36% RATE		\$20,417		(\$128,890)
SALE PROCEED (NET)			\$	2,704,010
NET CASH FLOW AFTER	\$ (298,055)	\$33,043		\$2,755,062
<u>INTERNAL RATE OF RETURN</u>				
INVESTMT		\$ 298,055		
TOTAL RETURN		\$ 3,308,032		
IRR		24%		

EXHIBIT 27

JASPER PLAZA INVESTMENT AND RETURN				
USE (leasable space 90%)				
RETAIL (GROCERY)				
RETAIL (OTHER)		14,040 SF		
OFFICE		7,884 SF		
DAYCARE		10,080 SF		
PARKING		200 SPACES		
TOTAL INVESTMENT		\$ 4,732,008		
PRIVATE INVESTMENT				
EQUITY		\$ 298,055		
PRIVATE DEBT		\$ 3,300,000		
POTENTIAL RETURN ON INVESTMENT (15 Yrs)		24%		
CITY INVESTMENT		YEAR 1	TOTAL (10 Years)	TOTAL (25 Years)
CITY ACQUISITION LOAN		\$ 513,952	\$ 513,952	\$ 513,952
CITY SECOND MORTGAGE		\$ 620,000	\$ 620,000	\$ 620,000
*RELOCATEE'S RENT SUBSIDY (FOR 20,000 SF)		\$ 80,000	\$ 600,000	\$ 600,000
Total City Contribution		\$ 1,213,952	\$ 1,733,952	\$ 1,733,952
RETURN				
CITY LOAN PAYMENT (plus interest)			\$ 346,744	\$ 1,386,976
ANNUAL PROPERTY TAX				
TOTAL		\$ 58,631	586,310	1,465,774
CITY		\$ 22,356	223,557	558,892
Total City Return		\$ 22,356	570,301	1,945,868
JOBS				
PERMENANT	1 Retail/250SF	0		
CONSTRUCTION	(Full-Time Equivalent)	41		
*\$4/SF 1-5 YRS, \$2/SF 6-10YRS				

EXHIBIT 28

Exhibit 28 summarizes the private and city investments and returns. Please note that in addition to the two loans discussed above, it is recommended that the city provide a rent subsidy for relocating businesses. Because of the existing depressed real estate values and limited market, the existing businesses are paying depressed rents and can not afford the new rents required to support the new development. Secondly, their relocation is not necessarily for their benefit but that of the city's. Therefore some form of rent subsidy is justified to help these relocating businesses phase into the new market rents. The Consultant recommends a subsidy rate of \$4/SF for the first 5 years and \$2/SF for the second 5 years. This would average \$3/SF over a 10 year phase in period. For this project \$620,000 has been budgeted for this subsidy which will support 20,000 SF of space. This should be sufficient to cover the existing businesses that will be affected by the redevelopment. It is also assumed that the Downtown Loan Program and Business Assistance Loan Program will be available for the individual tenants.

Based on the total 25 year city investment of \$1,733,952 in the form of a Second Mortgage, Purchase Money Note, and rent subsidy; the city should realize in return \$1,945,868 in the form of loan payments and property taxes. In addition, the existing blight will be removed, and 128 permanent and 46 construction jobs will be created.

UNIVERSITY TOWNHOMES

University Townhomes is the 30 unit residential complex included in the development concept presented in Exhibit 4. Exhibit 29 provides a further description, amenities, and features of the units. The development budget and recommended sources of financing is presented in Exhibit 30. The budget (Uses) assumes an acquisition cost based on 130% of the tax value which includes commissions if paid; construction costs based on recent comparables; and typical soft costs for a project of this size. The budget also provides for a 15% profit for the developer in addition to 4% for development administration, and 5% construction contingency.

Residential Condo's		30 Units
2 Story TOWNHOMES, 30 Units		
Attached units with garage		
15	2Brm/ 2 Bath	1,200 SF
15	3Brm/ 2.5 Bath	1,350 SF
Unit Features		
Walk-in Closets		
Designer Kitchen Appliances		
Hardwood Floors in Foyer/Living/Dinning Areas		
Plush Carpet bedrooms		
Tiled bathrooms/Kitchens		
Cable and High Speed Internet		

EXHIBIT 29

The Sources of financing is based on an initial average Sale Price of \$135,150 that is increased 3% each year. It is assumed that the development will sellout in 3 years at the rate of 10 units per year. The project will need a Development Loan of \$265,125 which will cover site improvements, and preconstruction soft costs. In addition, the project will need a revolving construction loan of \$960,645 which will allow up to 10 units to be under construction at any point in time. Generally,

private banks will require the units using their financing to be sold prior to construction (Presold), which makes it difficult to finance the models required for the initial marketing and sales process.

UNIVERSITY TOWNHOMES DEVELOPMENT SOURCES AND USES																			
SOURCES		SF		Total SF		Price/SF		Unit Price (1st Yr)		TOTAL	DEVELOPMENT LOAN	CONSTRUCTION LOAN (10 UNITS)	CITY CONTRIB						
UNIT SALE PRICING	2Brm/ 2B	1,200	18,000	\$	106	\$	127,200	15											
	3Brm/ 2.5B	1,350	20,250	\$	106	\$	143,100	15											
	TOTAL Residential		38,250					30											
		Phase 1 Constru 10 Units @	135,150	Phase 2 (3% increase) 10 Units @	139,205	\$	143,381		\$	4,177,351									
			135,150		139,205	\$	143,381		\$	4,177,351									
SALE PROCEEDS											\$	265,125	\$	960,645	\$	80,703			
TOTAL DEVELOPMENT SOURCES										\$	4,177,351								
DEVELOPMENT USES																			
LAND COSTS																			
ACQUISITION @ Tax Value plus 30%																			
SITE IMPROVEMENT COSTS																			
UTILITIES																			
LANDSCAPE																			
CONTINGENCY @ % OF CONSTR																			
SUBTOTAL											\$	2,690	\$	2.11	/SF			\$	80,703
UNIT CONSTRUCTION COST																			
RESIDENTIAL CONDO CONSTRUCTION @ /SF																			
PERMITS AND FEES @ % CONSTR											\$	76,500	\$	60	/SF			\$	2,295,000
CONTINGENCY @ % CONSTR											\$	765	1%					\$	22,950
SUBTOTAL											\$	3,963	5%					\$	115,898
UNIT OTHER COSTS																			
DESIGN FEES @ % CONSTR											\$	81,128	\$	63.63	/SF			\$	2,433,848
DEVELOPMENT ADMINISTRATION/FEE																			
CONSTRUCTION LOAN FEE @ % Constr loan											\$	3,316	4%					\$	99,474
DEVELOPMENT LOAN FEE @ % Constr loan											\$	4,466	5.0%					\$	133,993
DEVELOPMENT LOAN INTEREST											\$	333	1.0%					\$	10,000
CONSTRUCTION LOAN INTEREST											\$	88	1.0%					\$	2,651
MARKETING @ % OF SALES											\$	1,067	6.0%					\$	32,000
OTHER PROF.INSUR. ADMIN. TAXES @ % OF DEV COST											\$	3,833	8.0%					\$	115,000
SUBTOTAL											\$	2,785	2%					\$	100,000
SUBTOTAL											\$	2,785	2%					\$	83,547
SUBTOTAL											\$	18,674	14.65	/SF				\$	560,213
SALES COSTS																			
UNIT CLOSING COSTS @ % OF SALES											\$	2,089	1.5%					\$	62,660
SALES COMMISSIONS @ % OF SALES											\$	6,962	5%					\$	208,868
SALES CONSESSIONS											\$	5,570	4%					\$	167,094
SUBTOTAL											\$	14,621	11.47	/SF				\$	438,622
TOTAL DEVELOPMENT USES											\$	118,880	93.24	/SF				\$	3,566,385
DEVELOPMENT NET SALES PROCEEDS											\$	20,366	15%					\$	610,966

Another challenge in home financing in redevelopment areas is affordability. Generally, if public money is used, there is a requirement for a certain number of the units to be affordable to low-moderate income families (80% Area Median Income) which for a family of 4 in Fayetteville is \$39,440. For the purpose of budgeting, the Consultant assumes an affordability goal of \$24,650 (50% AMI). Exhibit 31 indicates that a subsidy of \$61,000 to \$76,000 in the form of soft second mortgages will be required to reach this affordability goal. If we further assume that \$20,000 will be available from the NC Housing Finance Agency's Homeownership program, then there will be a remaining gap of \$41,000-\$56,000.

AFFORDABILITY ANALYSIS		
	A	B
UNIVERSITY TOWNHOMES	2Brm/ 2B	3Brm/ 2.5B
TOTAL UNITS	15	15
AFFORDABILITY GOAL (@60%AMI)	10	10
Financial Assumptions		
Area Median Income - FY 2008 (Family of 4)	49,300	49,300
Maximum Program Sale Price (if applicable)	127,200	143,100
Max. Payment - Housing (%)	30%	30%
Max. Payment - Housing/Other Debt (%)	40%	40%
Monthly Escrows (Insurance & Taxes)	150	150
Avg. Monthly Payment - Other Debt	300	300
Minimum Downpayment from Purchaser	5%	
	\$6,360	\$7,155
Maximum Closing Costs	2000	2000
Local Program Downpayment/Closing Cost Assistance	2000	2000
First Mortgage Interest Rate	6.00%	6.00%
Loan Term (years)	30	30
Per Unit Calculation of Maximum Supportable Debt and Resource Requirements by AMI		
Average AMI within income bracket	50%	50%
Annual Income	\$24,650	\$24,650
Monthly income	\$2,054	\$2,054
Income available for monthly housing escrows and other debt		
	40%	
	\$822	\$822
Total monthly housing escrows and other debt	\$450	\$450
Net available for debt service	\$372	\$372
Max. supportable first mortgage	\$61,991	\$61,991
Average Program Purchase Price + Closing Costs	\$129,200	\$145,100
Less Max. Supportable First Mortgage	\$61,991	\$61,991
Less Purchaser Downpayment	\$6,360	\$7,155
Less Max. NCHFA Assistance	\$20,000	\$20,000
CITY Funded Loan Required for Avg. Program Purchase Price		
	\$40,849	\$55,954
TOTAL FOR AFFORDABILITY GOAL	\$408,491	\$559,541
GRAND TOTAL	\$968,032	

EXHIBIT 31

In order to make this project financially viable, the Consultant recommends that the required land be assembled; purchased and cleared along with the necessary relocation and any required environmental remediation; and sold to the developer for \$80,700 with the city taking back a Purchase Money Note. If the project is completed within the time specified in the development agreement, the note would be forgiven. Secondly, it is recommended that the city budget \$968,000 for soft Second Mortgages of \$41,000-\$56,000 for 20 of the 30 units. These loans would be at a 2% interest for 20 years with payments deferred for the first 5 years.

To assist in the construction financing, it is further recommended that this second mortgage amount be contributed during construction as part of construction financing, and then converted to the Second Mortgage upon closing with a qualified buyer. Finally, to assist in the initial marketing and sales, it is recommended that about \$200,000 of the budgeted Second Mortgage Fund be used to finance 2 models. These same dollars would be repaid and recycled for the Second mortgages for the last 4 of the 24 affordable units.

Exhibit 32 presents a summary of these recommendations. Over a total 25 years the city would invest \$1.05M and receive in return \$1.37M in mortgage payments and property taxes. In addition the project would remove the existing blight, create 31 (full time equivalent) construction jobs, and add 20 units of affordable housing to the city's inventory.

UNIVERSITY TOWNHOMES INVESTMENT AND RETURN				
USE (leasable space 90%)				
TOWNHOMES				30
TOTAL INVESTMENT	\$	4,177,351		
PRIVATE INVESTMENT				
EQUITY (DEV ADMIN FEES)	\$	133,993		
PRIVATE DEBT (DEVELOPMENT & CONSTRUCTION LOC)	\$	1,225,770		
POTENTIAL RETURN ON INVESTMENT (15 Yrs)				
POTENTIAL PROFIT				15%
CITY INVESTMENT		YEAR 1	TOTAL (10 Years)	TOTAL (25 Years)
CITY ACQUISITION GRANT	\$	80,703	\$ 80,703	\$ 80,703
HOMEBUYER 2ND MORTGAGE SUBSIDY	\$	322,677	\$ 968,032 (3 `	\$ 968,032
	\$	403,380	\$ 1,048,735	\$ 1,048,735
RETURN				
HOMEBUYER 2ND MORTGAGE PAYMENTS (PRINCIPAL ONLY)			\$	968,032
ANNUAL PROPERTY TAX				
TOTAL	\$	9,393	463,377	1,061,275
CITY	\$	8,596	176,683	404,659
TOTAL CITY RETURN	\$	8,596	\$ 176,683	\$ 1,372,691
JOBS				
CONSTRUCTION (Full-Time Equivalent)		31		
AFFORDABLE HOUSING UNITS		20		

EXHIBIT 32

VI. CATALYST SITE #6

MURCHISON/PAMALEE

SITE LOCATION

This site is at the intersection of Pamalee Drive/Country Club Drive and Murchison and is a major retail activity center (see Exhibit 33). Pamalee Drive to the west and Country Club Drive to the east constitutes a major east west corridor carrying over 40,000 vehicles per day. From the north, Murchison Road presently carries 20,000 vehicles per day. After the completion of the Outer Loop (I-95)/Murchison Road interchange the Murchison Road traffic is projected to increase to 33,500 vehicles per day. The recently completed city traffic study (Murchison Road Corridor Study Phase II) recommended new connector roads around this intersection to relieve this additional traffic. These new roads as shown in Exhibit 34 and the additional traffic count will provide new commercial development opportunities.

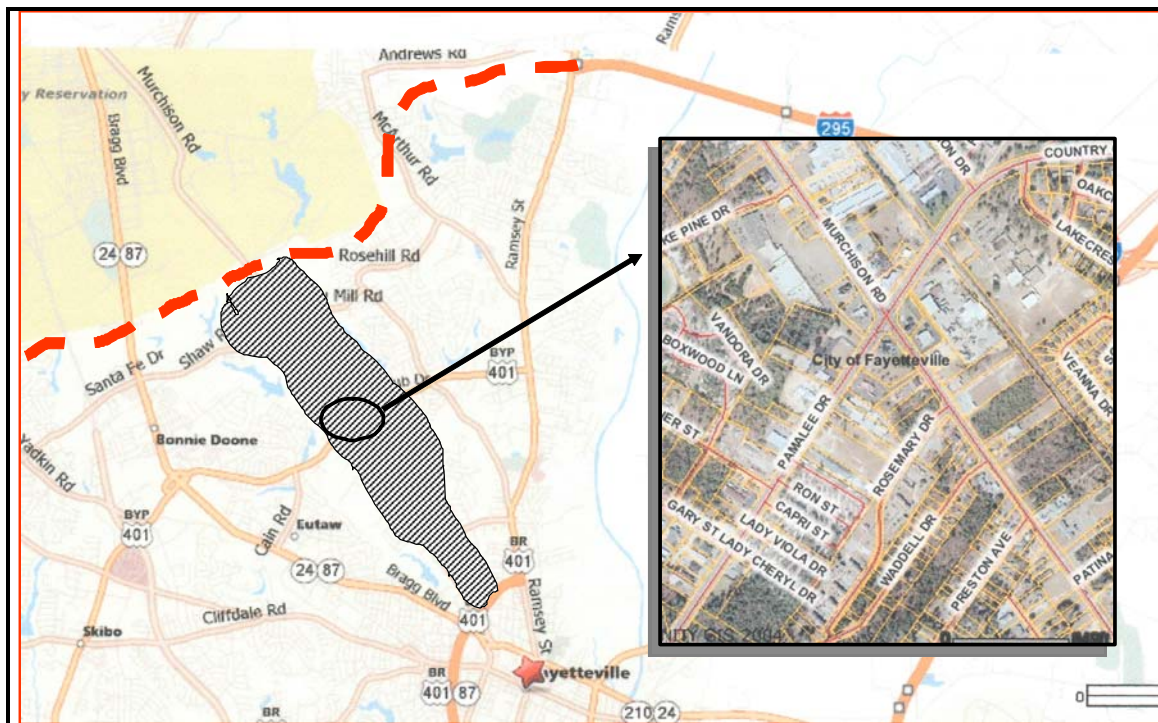


EXHIBIT 33



EXHIBIT 34

DEVELOPMENT PLAN MARKET ANALYSIS AND RECOMMENDATIONS

Based on a market analysis and assessment of the site, the Development Plan recommended neighborhood commercial, mixed-use, and medium residential development. The market analysis identifies a short-term retail demand for 24,000 – 34,000 SF and a long-term demand for an additional 90,000 – 117,000 SF; and a short term office demand for 50,000 – 93,000 SF and a long term for an additional 82,000 – 150,000 SF. The Development Plan which was completed before the traffic study and the proposed change in traffic patterns. It focused on the renovation and reutilization of an existing shopping center (Pamalee Plaza) to serve as the primary retail, service and Commercial center for residents of the north and central segments of the Murchison Road Corridor. It recommended marketing the former Winn-Dixie retail space to local grocery chain (Food Lion, Harris Teeter, etc.).

PROPERTY/BUSINESS OWNER INTERVIEWS

Exhibit 35 is the inventory of all property, owners, and value of property within the Catalyst Site #6. Exhibit 36 provides an inventory of key property and business owners and a summary of their reactions to the Development Plan recommendations. Exhibit 37 is a map locating the businesses and property owners interviewed.

The Consultant met individually with 19 property owners representing 28 of the 33 major properties and businesses affected by the plan. The results of the Development Plan were presented. The Consultant discussed with each property owner the potential impact of the Development Plan, the projected increased traffic, and the proposed roadway changes. In general, all support the plan and its economic development opportunities. Four businesses had concerns about the location of the connector roads. Weathers Moving and Storage and Adams Concrete Products believe the new roads will preclude continuing their businesses in their present location. Butch Hardy who represented the owners of Adams Concrete said the proposed connector road would go through their existing office building and concrete block plant and it would cost \$8-10M to replace. In addition, relocation would

be difficult due to their unique retail/industrial market. While a significant portion of their business is retail, they also need a block production operation and a rail spur to receive raw materials. Carolina Clean Express Wash desires moving the road further to the rear of its property in order to minimize impact on its operations. The owner of Pamalee Plaza is concerned about losing curb-cuts entrances on to Murchison Road. The owner of Pamalee Plaza also indicated that the shopping center was nearly leased-up with mostly none retail businesses, and were not seeking a grocery store for the old Winn-Dixie space.

Kenneth Decker, who operates Decker Auto Services, owns 5.2 acres which wraps around the southwest corner including McDonalds, and has frontage on both Murchison and Pamalee. He is very much interested in partnering with a developer to build a shopping center. The corner parcel which has on it a “Build to suit” sign is owned by Granite Development Company, a Mount Airy developer. The Consultant met with Craig Hunter who represents Granite, one of the state's largest shopping developers. He indicated that they would be interested in developing the site.

CATALYST # 6 PROPERTY INVENTORY										
PARCEL	SITE ADDRESS	OWNER(S)	ST. ADDRESS	CITY	ZIP	VALUE Total Tax	VALUE (Building)	SIZE (Lot)	ACRE SALE	(Year)
PHASE A										
0438-20-0025	1003 MURCHISON RD	Vernon Devane	434 Gillespie St	Fay	28301	\$ 3,352	\$	34,348	342X156	0.7 2002
0428-11-4183	3581 MURCHISON RD	PAMALEE PLAZA ASSOCIATES	1111 MILITARY CUTOFF RD	WILMONT	28305	\$ 29,671	\$	246,776	118X130	0.33 1987
0428-11-5045	35- MURCHISON RD	PAMALEE PLAZA ASSOCIATES	1111 MILITARY CUTOFF RD	WILMONT	28305	\$ 30,013	\$		100X130	0.25 1987
0428-40-5711	3421 MURCHISON RD	PAMALEE PLAZA ASSOCIATES	1111 MILITARY CUTOFF RD	WILMONT	28305	\$ 374,628	\$	1,581,377		8.94AC 2004
0428-40-8488	3411 MURCHISON RD	PAMALEE PLAZA ASSOCIATES	1111 MILITARY CUTOFF RD	WILMONT	28305	\$ 88,838	\$	151,554	143X201	0.74 1984
0428-40-0591	BOXWOOD LN	PAMALEE PLAZA ASSOCIATES	1111 MILITARY CUTOFF RD	WILMONT	28305	\$ 15,751	\$	5,403	48X255	2.41AC 1987
0428-40-3209	VACANT LAND BEH. PAMALEE PLZ	PAMALEE PLAZA ASSOCIATES	1111 MILITARY CUTOFF RD	WILMONT	28305	\$ 22,222	\$	-	HEX	3.15AC 1984
0428-40-6923		N&S FOOD SYSTEMS	PO BOX 272	RED SPRINGS	28377	\$ 51,622	\$	145X131		0.43 1989
0428-50-0313	3405 MURCHISON RD	BODDIE-NOELL ENTERPRISES	1021 NOELL LN	ROCKY MOUNT	27902	\$ 142,235	\$	181,523	195X190	0.98 2003
0428-40-7135	1943 PAMALEE DR	CAVALRY BAPTIST CHURCH	SAME	FAY	28301	\$	-	-		3.78AC 1984
0428-49-6915	1933 PAMALEE DR	CAROLINA CLEAN EXPRESS WASH	SAME	FAY	28301	\$ 145,511	\$	147,867	125X631	1.46AC 2007
0428-49-4776	1925 PAMALEE DR	CENTRAL TRANSPORT, INC	12225 STEPHENS RD	WARREN, MI	28089	\$ 310,242	\$	74,100	300X631	3.97AC 1987
0428-49-5506	1913 PAMALEE DR	DANIEL KOCEJA & MIYOUNG SUH	608 ADAIR ST	FAY	28303	\$ 70,830	\$	37,667	86X300	0.59 2007
0428-49-3438	1909 PAMALEE DR	STATE STREET BANK & TRUST CO	2998 CIRCLE 75 PKWY	ATLANTA	30339	\$ 188,333	\$	416,366	220X619	2.41AC 1999
0428-49-2300	1905-01 PAMALEE DR	BENNIE D. WILLIAMS	1901 PAMALEE DR	FAY	28304	\$ 185,207	\$	333,730	232X455	2.37AC 2003
0428-31-9011		CAROLE B. HONESS	1231 LAKE PINES DR	FAY	28311	\$ 102,749	\$	233	290X435	4.74AC 1992
PHASE B										
0429-41-6623	3700 MURCHISON RD	HOPSON HOLDINGS	PO BOX 130	FAY	28302	\$ 442,274	\$	273,837		2.56
0429-41-8352	3634 MURCHISON RD	WEATHERS BROS MOVING & STO	PO BOX 130	FAY	28302	\$ 66,211	\$	112X492		1.28 1986
0429-41-9245		LOESSIE A YOUNG REVOC. TRUST	1304 EVERGLADE DR	FAY	28303	\$ 94,841	\$	65,594	20X486	0.79 2003
0428-51-0103	3614 MURCHISON RD	ELECTRIC COMPANY	PO BOX 608	SMITHFIELD	27577	\$ 171,923	\$	581,745	187X491	2.2AC 1984
0429-40-9963	3500 MURCHISON RD	HYACINTH B. THOMPSON	1863 WINDLOCK DR	FAY	28304	\$ 81,635	\$	112,580	150X203	0.68 2005
0429-50-0841	3440 MURCHISON RD	JOSEPH P. RIDDLE, III	238 N. McPHERSON CH RD.	FAY	28314	\$ 88,838	\$	58,299	156X203	0.74 2008
0429-50-1647	3440 MURCHISON RD	JOSEPH P. RIDDLE, III	238 N. McPHERSON CH RD.	FAY	28314	\$ 102,044	\$	-	175X210	0.85 2008
0429-50-2545	3408 MURCHISON RD	L.L. THRIFT FOOD MARTS INC	1007 ARSENAL AVE	FAY	28305	\$ 117,050	\$	286,755	143X259	0.78 2000
0429-50-2973	CITY OF FAYETTEVILLE		433 HAY STREET	FAY		\$	-	140X397		1984
0429-50-3756	958 COUNTRY CLUB DR	JOHNNY & JUANITA ALLEN	207 TRUMAN DR	FAY	28311	\$ 21,849	\$	78,356	69X150	0.28 2003
	960 COUNTRY CLUB DR	WILSON								
PHASE C										
0429-50-3279	3122 MURCHISON RD	M&M THOMAS HENRY FINCH	PO BOX 437	FAY	28302	\$ 184,805	\$	130,556	143X197	0.87 1984
0429-50-4196	3118 MURCHISON RD	AUTO ZONE INC	PO BOX 2196	MEMPHIS, TN	28101	\$ 109,541	\$	188,298	151X284	0.92 2000
0429-50-5092	3112 MURCHISON RD	LARA PLAZA LLC	4256 HUNTSFIELD RD	FAY	28314	\$ 102,044	\$	187,303	140X222	0.85 2000
0428-59-6771	3108 MURCHISON RD	M&M ALEXANDER MOTTIE	4256 HUNTSFIELD DR	FAY	28341	\$ 11,197	\$	234,373	124X224	0.63 2007
0428-59-8992	3100-02 MURCHISON RD	ELDRIDGE MCLAURIN	2055 DUNN RD	FAY	28312	\$ 15,290	\$	106,813	165X593	1.5AC 1986
0428-59-9870		ARTICLE LEE COUNCIL JR	1844 CASCADE ST	FAY	28301	\$ 30,841	\$	-	175X583	2.36AC 2001
0429-50-7323	957 COUNTRY CLUB DR	ADAMS CONCRETE PRODUCTS	PO BOX 189	MORRISVILLE, NC	27560	\$ 817,725	\$	297,557	360X678	6.11AC 1971
PHASE D										
0428-49-9288		JUDITH MERCER	217 MCARTHUR RD	FAY	28311	\$ 217,248	\$	0	200X608	2.78AC 1989
0428-59-0461	1920 PAMALEE DR	KENNETH C. DECKER	1924 PAMALEE DR	FAY		\$ 139,531	\$	\$ 203,610	100X605	1.4 2003
0428-59-0681		KENNETH C. DECKER	1924 PAMALEE DR	FAY	28301	\$ 103,617	\$	\$ 70,033	69X429	0.65 2002
0428-59-1500	1924 PAMALEE DR	KENNETH C. DECKER	1924 PAMALEE DR	FAY	28301	\$ 137,538	\$	\$ 361,395	105X620	1.38 1995
0428-59-3723	3109 MURCHISON RD	KENNETH C. DECKER, JR	1225 DUNCAN ST	FAY	28303	\$ 106,846	\$	\$ 33,516	100X400	0.89 2006
0428-59-3685	3105 MURCHISON	KENNETH C. DECKER, JR	1225 DUNCAN ST	FAY	28303	\$ 106,846	\$	\$ 14,203	100X400	0.89 2006
0428-59-1737	1942 PAMALEE DR	MCDONALD'S CORP	PO BOX 182571	COLUMBUS, OH	43218	\$ 465,376	\$	\$ 299,480	35X390	1.26AC 1986
0428-59-2866	PAMALEE	GRANITE/ACC-FAYETTEVILLE LLC	PO BOX 1928	MOUNTAINTY, NC	27030	\$ 223,114	\$	\$ 163,465	326X240	1.97AC 2006
0428-59-4833		PARIS \$ POTTER MGMT CORP	PO DRAWER 2365	FAY	28302	\$ 106,044	\$	\$ 0	75X390	1.33AC 1984

EXHIBIT 35

MAP #	PARCEL #	CATALYST # 6 CONTACT SHEET	OWNER(S)	VALUE Total Tax	CONTACT RESULTS
PHASE A					
1	0429-41-4193 0429-41-5045 0429-40-5711 0429-40-8498 0429-40-0591 0429-40-3209 0429-40-7135	3591 MURCHISON RD 35-- MURCHISON RD 3421 MURCHISON RD 3411 MURCHISON RD BOXWOOD LN VACANT LAND BEH. PAMALEE PLZ 1943 PAMALEE DR	PAMALEE PLAZA ASSOCIATES 1111 MILITARY CUTOFF RD WILMINGTON NC 28405 88.838 15.751 22.222 - CAVALRY BAPTIST CHURCH 1943 PAMALEE DR FAYETTEVILLE NC	\$ 29,671 \$ 30,013 \$ 374,628 \$ 88,838 \$ 15,751 \$ 22,222 \$ -	Met with Don Falls of Swain Associates, 10/23/08 at City Hall. He is the property manager and represents the owners. He likes the connector road but concerns about losing curb cuts on Murchison Road. I assured him that the plan was conceptual and that he would have opportunity to review final plans prepared by DOT. Contact: 910 256-2211 Left many messages with no return calls. Contact: 910 488-1224
2	0428-49-6915	1933 PAMALEE DR	CAROLINA CLEAN EXPRESS WASH 1933 PAMALEE DR FAYETTEVILLE NC	\$ 145,511	Met with Fred Clark on 10/21/08 at the business. He wishes to relocate his present car wash operations to the rear of the property and add a fast food franchise in the front. Contact: 910 630-0905
3	0428-49-4776	1925 PAMALEE DR	CENTRAL TRANSPORT, INC 12225 STEPHENS RD WARREN, MI 48069	\$ 310,242	Talked to the Terry Hardy the local manager by phone. Other than increased traffic on Pamalee, there will be no affect on their business or property Contact: 910 822-1345
4	0428-49-5506	1913 PAMALEE DR	DANIEL KOCEJA & MIYOUNG SUH 608 ADAIR ST FAYETTEVILLE NC 28303	\$ 70,830	Met with Daniel Koelja on 10/13/08 at his business at 4779 Yakin He and wife interested in selling Contact: 910 868-4147
5	0428-49-3438	1909 PAMALEE DR NAPA Auto Parts	STATE STREET BANK & TRUST CO 2999 CIRCLE 75 PKWY ATLANTA 30339	\$ 188,333	NAPA is a national firm and has no plans to move or redevelop Other than increased traffic on Pamalee, there will be no affect on their business or property
6	0428-49-2300	1905-01 PAMALEE DR	BENNIE D. WILLIAMS 1901 PAMALEE DR FAY 28304	\$ 185,207	Met with Mrs. Williams, the wife of Bennie Williams the owner. Other than increased traffic on Pamalee, there will be no affect on their business or property Contact 910 822-0528
PHASE B					
7	0429-41-6623	3700 MURCHISON RD WEATHERS BROS MOVING & STO	HOPSON HOLDINGS PO BOX 130 FAY 28302	\$ 442,274	Met with Allan Hopson and brother on 10/15/08 at the business location. Connector Road goes through their business operations and would require a very expensive relocation. They also own property in the rear which could be an alternative route. Contact: 910 480-2200
8	0429-41-8352		WEATHERS BROS MOVING & STO PO BOX 130 FAY	\$ 66,211	Met with Allan Hopson and brother on 10/15/08 at the business location. Connector Road goes through their business operations and would require a very expensive relocation. They also own property in the rear which could be an alternative route. Contact: 910 480-2200
9	0429-51-0103	3614 MURCHISON RD American Flag Storage	ELECTRIC COMPANY PO BOX 808 SMITHFIELD NC 27577	\$ 171,923	Left messages 10/14-20-24. No return Contact: 910 638-2311
10	0429-40-9953	3500 MURCHISON RD Calabash Jamaica Resteraut	HYACINTH B. THOMPSON 1863 WINDLOCK DR FAY NC 28304	\$ 81,635	Met with Mrs. Hyacinth Thompson on 8/31/2008 at the business. She is operating the resteraut part time and wishes to sell. Contact: 910 424-6201
11	0429-50-0841	3440 MURCHISON RD	JOSEPH P. RIDDLE, III 238 N. McPHERSON CH RD. FAY NC 28314	\$ 88,838	Talked to Riddle's office. Sold property to O'Riley uto Parts Store. Just completed new Bldg
12	0429-50-1647	3440 MURCHISON RD	JOSEPH P. RIDDLE, III 238 N. McPHERSON CH RD. FAY NC 28314	\$ 102,044	Talked to Riddle's office. Property For-Sale
13	0429-50-2545	3408 MURCHISON RD EXXON Gas Station	LIL THRIFT FOOD MARTS INC 1007 ARSENAL AVE FAY NC 28305	\$ 117,050	Completed renovation within the last five years
14	0429-50-2973		CITY OF FAYETTEVILLE 433 HAY STREET FAY	\$ -	Contact: 910 848-7431

EXHIBIT 36A

CATALYST # 6 CONTACT SHEET					CONTACT RESULTS
MAP #	PARCEL	SITE ADDRESS	VALUE Total Tax	OWNER(S)	
PHASE C					
16	0429-50-3279	3122 MURCHISON RD Pure Oil Station	\$ 184,805	M&M THOMAS HENRY FINCH PO BOX 437 FAY NC 28302	Talked to Mr. Finch. No plans to change. Contact: 910 485-1179
	17	0429-50-5092	3112 MURCHISON RD	\$ 102,044	LARA PLAZA LLC 4256 HUNTSFIELD RD FAYETTEVILLE NC 28314
18	0428-59-6771	3108 MURCHISON RD	\$ 11,197	M&M ALEXANDER MOTTE 4256 HUNTSFIELD DR FAYETTEVILLE NC 28341	Met with Mrs. Lee Motte the owner on 10/29. She and husband own this and the adjoining property above. Realitively new buildings. Welcomed potential development. Only concern with city Right-of-way in fron of buildings. Contact: 910 485-2502
19	0428-59-8992	3100-02 MURCHISON RD	\$ 15,290	ELDRIDGE McLAURIN 2059 DUNN RD FAYETTEVILLE NC 28312	Left messages 10/8-9-14-20-22. No return Contact: 910 483-1660
20	0428-59-9870		\$ 30,841	ARTICLE LEE COUNCIL, JR 1844 CASCADE ST FAYETTEVILLE NC 28301	Left messages 10/14-20-24. No return Contact : 910867-5618
21	0429-50-7323	957 COUNTRY CLUB DR	\$ 817,725	ADAMS CONCRETE PRODUCTS PO BOX 189 MORRISVILLE, NC 27560	Met with Butch Hardy, owner, on 11/18. Connector road goes through existing office building and concrete block plant. Would cost \$8-10M to replace. Relocation would be difficult due to their unique retail/industrial needs. Significant portion of business is retail but also need block production operation and rail spur for receiving raw materials. Contact: 919 971-3815
PHASE D					
22	0428-49-9288		\$217,248	JUDITH MERCER 217 McARTHUR RD FAYETTEVILLE NC 28311	Met with Mr. Mercer at their office at 217 McArthur Boulevard Connector goes through property. Willing to sell at right price. Contact: 910 488-3344
23	0428-59-0461 0428-59-0681 0428-59-1500 0428-59-3723 0428-59-3685	1920 PAMALEE DR 1922 PAMALEE DR 1924 PAMALEE DR 3109 MURCHISON RD 3105 MURCHISON	\$139,531 \$103,617 \$137,538 \$106,846 \$106,846	KENNETH C. DECKER 1924 PAMALEE DR Fayetteville nc 28301	Met with Kenneth Decker on 10/28 at business location. He is interested in developing shopping center on property. Isler will followup. Contact: 910 822-1005
24	0428-59-2936	3121/23 MURCHISON RD	\$223,114	GRANITE/ACC-FAYETTEVILLE LLC PO BOX 1928 MOUNT AIRY, NC 27030	Met with Craig Hunter 11/21 at city hall. He represents Granite Development Co, one of the state's largest shopping developers. Granite would be interested in developing the site. Contact: 336 786-1356 (O),

EXHIBIT 36B



DEVELOPMENT CONCEPTS RECOMMENDATIONS

Based on the recommendations of the Development Plan, the development opportunities resulting from the new connector roads, and the above discussions with the property owners, the consultant recommends the concept presented in Exhibit 5. It contains in the southwestern quadrant of the site, a new 86,600 SF shopping center which is referred to as New Pamalee Shopping Center. A developer already owns the corner parcel and a potential willing partner owns the surrounding property except for the recently renovated McDonalds, which would fit as an outparcel. In the southeastern quadrant of the site, the potential relocation of Adams Concrete Products due to the connector road would make available 6.1 acres. The concept shows this containing 37,500 SF of office space. Likewise if the connector in the northeast quadrant eliminates Weathers Movers and Storage, 4.6 acres less roadway could contain 21,600 SF of retail space or an equivalent apartment development.

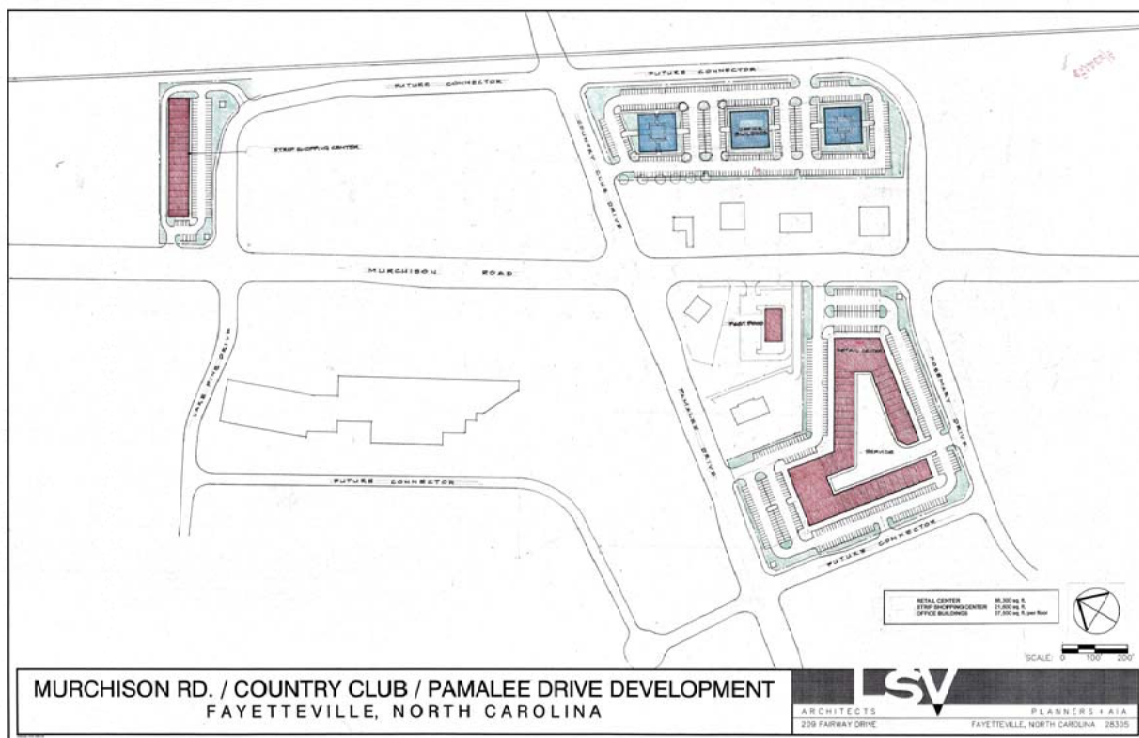


EXHIBIT 5

FINANCIAL FEASIBILITY

New Pamalee Shopping Center is the 86,300 SF shopping center included in the development concept presented in Exhibit 5. The development budget and recommended sources of financing is presented in Exhibit 38. The budget (Uses) assumes an acquisition cost based on 130% of the tax value which includes commissions if paid; construction costs based on recent comparables; and typical soft costs for a project of this size. The Sources of financing the required \$11.3M includes a \$9M First Mortgage. This along with a private Second Mortgage of \$1.7M appears to be supported by the Cash Flow indicated in Exhibit 39. The First Mortgage Debt Coverage is 1.31 and the combined First and Second Mortgages Debt Coverage is 1.14. Likewise the remaining required equity of \$600,000 generates a Return on Investment of 23% over a 15 year period as indicated in Exhibit 40. This underwriting criteria and returns are considered reasonable for the risks associated with a project in this area. This shopping center will only be possible if the connector roads are built which assumes the projected traffic counts. This will make this intersections one of the most desirable in the city, and therefore should demand rents sufficient to make the shopping center self sustaining with no city support. Therefore no city financing support is recommended.

The Consultant believes the other proposed developments on the connector roads should also be self-sufficient and require no city financing. It is assumed that any business relocation resulting from the new connector roads will be covered by NCDOT as part of their acquisition funding.

NEW PAMALEE SHOPPING CENTER**SOURCES & USES****SOURCES**

	Amount	% of Total	Rate	Term	Amortz	Debt Serv	Debt Coverage
First Mortgage	\$ 9,000,000	79.69%	6.75%	20	20	\$ 833,100	1.31
Second Mortgage	\$ 1,693,060	14.99%	4.00%	20	20	\$ 124,578	1.14
Local Government Loan (CITY)	\$ -	0.00%	2.00%	30	30	\$ -	
Non-Repayable Grants		0.00%					
Other	\$ (0)	0.00%					
Equity Investment	\$ 600,000	5.31%					
GRAND TOTAL	\$ 11,293,060	100%				\$ 957,679	

USES

Acquisition			
Land purchase (Tax Value plus 30%)	\$	1,189,678	
Sales Commissions	\$	17,453	
SUBTOTAL			\$ 1,207,131
Relocation			
		\$	30,000
Demolition			
		\$	35,000
Site Development			
@\$14.50 /SY		\$	1,251,350
Building Construction			
86,300 SF		\$	7,594,400
@ \$80 /SF			
Design/Legal Consultants			
DESIGN CONSULTANTS @4%	\$	303,776	
TITLE, LEGAL & RECORDING	\$	15,000	
SUBTOTAL			\$ 318,776
Planning and Administration			
SURVEY	\$	1,000	
CONSULTANTS	\$	8,000	
APPRAISAL	\$	3,000	
ENVIRONMENTAL REPORT	\$	3,000	
PERM MORTG ORIGINATION FEE (1 Point)		6,470	
DEVELOPER FEE 8%	\$	834,933	
SUBTOTAL			\$ 856,403
GRAND TOTAL			\$ 11,293,060

EXHIBIT 38

NEW PAMALEE SHOPPING CENTER					
	SF RENT		TOTAL LEASABLE SF		YR1
TOTAL GROSS INCOME (Trend @ 3%)	(Tenant pays utilities)				
BASE RENT					
GROCERY STORE	\$ 12.00	/SF	16,200	\$	194,400
DURG STORE	\$ 12.00	/SF	16,200	\$	194,400
RETAIL SHOPS (19@2400 SF)	\$17.00	/SF	45,270	\$	769,590
			77,670	\$	1,158,390
REIMBURSABLES					
INSURANCE	\$0.60			\$	46,602
PROPERTY TAXES	\$1.81			\$	140,194
COMMON AREA MAINTENANCE (CA)	\$0.75			\$	58,253
TOTAL	\$3.16			\$	245,049
TOTAL				\$	1,403,439
VACANCY (5%)				\$	70,172
EFFECTIVE GROSS INCOME				\$	1,333,267
OPERATING EXPENSES (Trend @ 4%)					
INSURANCE	\$0.60	/SF		\$	46,602
PROPERTY TAXES	\$1.81	/SF		\$	140,194
COMMON AREA MAINTENANCE (CAM)	\$0.75	/SF		\$	58,253
TOTAL				\$	245,049
NET OPERATING INCOME				\$	1,088,218
DEBT SERVICE 1ST MORT (Bank)	\$ 9,000,000	6.75%	20	yrs	\$ 833,100
DEBT SERVICE 2ND MORT	\$ 1,693,060	4.0%	20	yrs	\$ 124,578
Local Government Loan (CITY)	\$ -	2.0%	30	yrs	\$ -
TOTAL DEBT SERVICE	\$ 10,693,060				\$ 957,679
CASH FLOW					\$ 130,539
DEBT COVERAGE 1ST MORT					1.31
DEBT COVERAGE 1st & 2nd					1.14
PROPERTY MANAGEMENT	10%	BASE RENT		\$	110,047
NET CASH FLOW				\$	20,492

EXHIBIT 39

NEW PAMALEE SHOPPING CENTER						
<u>RETURN ON INVESTMENT</u>						
			YR1		YR15	
TAXABLE INCOME						
CASH FLOW			\$	20,492	\$	519,208
AMORTIZATION (+)	1st MORT	\$	9,000,000	\$225,600		\$562,976
	(PRINCIPAL) 2ND MORT	\$	-	\$90,717		\$119,699
DEPRECIATION (-)	BUILDINGS	\$	8,845,750 39 YRS	(\$226,814)		(\$226,814)
	OTHER	\$	856,403 5YRS	(\$171,281)		
TOTAL TAXABLE EARNINGS			\$	(61,285)	\$	975,070
<u>TOTAL RETURN(AFTER TAX)</u>						
CASH FLOW				\$20,492		\$519,208
TAX LIABILITY/BENEFITS @ 36% RATE				\$22,063		(\$351,025)
SALE PROCEEDS (NET)					\$	6,602,679
NET CASH FLOW AFTER TAX			\$	(600,000)	\$42,555	\$6,770,862
<u>INTERNAL RATE OF RETURN</u>						
INVESTMT			\$	600,000		
TOTAL RETURN			\$	8,007,581		
IRR				23%		

EXHIBIT 40

VII. IMPLEMENTATION STRATEGY

Exhibit 6 provides Financing Summary for all recommended projects. The total value of the projects is about \$54.7M requiring a private investment of \$5.5M in equity and \$42M in debt. In order to make these projects financially feasible the Consultant recommends city participation in the form of land Purchase Money Notes totaling \$243,960, land acquisition writedowns and grants of \$1.3M, and demolition and clearing contribution of \$180,000. In addition, it is proposed that the city make subordinated development loans in the amount of \$1.32M for gap financing for the two shopping centers in Catalyst Sites #1 and #3. Also on these two sites, the Consultant recommends rent subsidies in the amount of \$1.35M for the relocating businesses in order to ease the transition from existing depressed rents to the market rate rents required to support the new developments. Likewise, the Consultant recommends second mortgages for the homebuyers in the total amount of \$2.26M to make some of the units affordable to low and moderate income families.

The total estimated city investment is \$8.5M over a 14 year period with about \$5M required during the first 5 years. In return over a 25 year period, the city will receive \$5.9M in loan payments, and \$6M in property taxes for a total of nearly \$12M. This plan will also create 646 permanent and 388 full time equivalent construction jobs, and add 44 affordable housing units to the local housing inventory. It will remove blight and spur the economic redevelopment of the Murchison Road Corridor.

Exhibit 41 provides the recommended development and financing schedule. Of the 3 sites addressed in this study, Catalyst Site #6 is most ready for development. Only two parcels are involved and owners are prepared to sell. The owner of the major business is planning to retire this year and is ready to vacate. There are no known development issues associated with the site. The Consultant also believes this site will make the greatest visual and economic impact on the surrounding community, and on the overall image of the Murchison Road Corridor. The schedule calls for the city to immediately acquire the property, relocate existing tenants, demolish and clear the site, and recruit of a developer. This would require an allocation of about \$1.8M over the next 2 Years which

would cover acquisition, relocation, site clearing, and developer incentives. Also as part of the developer agreement and tenant relocation, the city would commit to a 10 year tenant relocation subsidy of \$600,000.

The acquisition and clearing will give the city ownership for the entire site even though Jasper Plaza will need only a portion as shown in Exhibit 4. The Consultant recommends that the rear portion of the remaining land be reserved for the University Townhomes project and the remainder be sold. The owner of the adjacent funeral home has expressed interest. In year 5, the schedule calls for starting the University Townhomes project. This will require the city to commit to about \$1M over a 3-year period for homebuyer's second mortgages.

With respect to Catalyst Site #1, all of the final parcels required to be acquired can not be determined until NCDOT completes preliminary design and identifies their required right-of-ways. It is assumed this will take at least another year. Therefore assembly, acquisition, relocation, and clearing the site is scheduled to start in year 2, which will require the city to allocate \$2.3M during years 2 thru 4. The Developer for Rowan Plaza will be recruited and acquired in year 3 with development being completed in year 4. This will require \$700,000 for developer incentive, and a city commitment to a 10 year tenant relocation subsidy of \$750,000.

The acquisition and clearing will give the city ownership for the entire site even though Rowan Plaza will only need the southeast portion as shown in Exhibit 3. The remaining land on the west side of Murchison Road will be available for the greenway and the northeast portion of the site reserved for the Parkside Townhomes as shown in the site plan. In year 8 the schedule calls for starting the Parkside Townhomes project. This will require the city to commit to about \$1.3M over a 6-year period for homebuyer's second mortgages.

The budget for acquisition and clearing for the hotel site is included above. Since the only recommended subsidy proposed for this project is a grant for the land value, no additional city participation is recommended. The hotel development is estimated to start in year 7, after Rowan Plaza, the greenway across the street, and Veteran's Park have been established. Similarly, New

Pamalee Plaza and the other proposed developments in Catalyst Site #6 will require no city participation. However, the schedule for these projects will depend of the completion of the connector roads. For the purpose of completing this overall schedule, the Consultant has estimated this to happen in year 10.

This schedule has spread out the projects and city capital investments over a 4 year period in recognition of the readiness of the sites, acquisition and relocation issues, and uncertainty associated with the NCDOT roadway projects. The acquisition and development time for each project is considered reasonable for the size of the effort; however the start time could be adjusted if necessary. It should also be noted that while the budget is believed to be conservative, it should not be reduced unless and until much of the acquisition, relocation, environment and design uncertainty is reduced.

CITY INVESTMENT SUMMARY FOR MURCHISON RD									
CATALYST SITE PROJECT	SUMMARY	#1 LINEAR PK WEST	#1 ROWAN PLAZA	#1 PARKSIDE TOWNHOMES	#1 BRONCO SUITES	#3 JASPER PLAZA	#3 UNIVERSITY TOWNHOMES	#6 NEW PALMEE SHOPPING CENTER	
USE (Residuals range 30%)									
RETAIL (GROCERY)	3,720 SF		8,720 SF						
RETAIL (OTHER)	153,740 SF		33,650 SF						
OFFICE	45,384 SF								
DAYCARE	10,080 SF								
PARKING	805 SPACES								
TOWNHOMES	114 UNITS								
HOTEL	100 SUITES								
PARKING	120 SPACES								
				84 Units	100 Suites 120 SPACES	14,040 SF 7,884 SF 10,080 SF 200 SPACES	30 Units	108,100 SF 37,500 SF 388 SF	
TOTAL INVESTMENT	\$ 54,712,252	\$ 1,301,007	\$ 5,964,446	\$ 12,870,287	\$ 15,600,000	\$ 4,722,007	\$ 3,566,385	\$ 11,233,000	
PRIVATE INVESTMENT									
EQUITY	\$ 5,475,791		\$ 357,797	\$ 333,346	\$ 3,750,000	\$ 298,055	\$ 133,993	\$ 600,000	
POTENTIAL RETURN ON INVESTMENT (15 Yrs)	\$ 42,047,667		\$ 4,606,000	\$ 10,614,454	\$ 11,151,519	\$ 2,645,328	\$ 2,340,305	\$ 10,653,000	
POTENTIAL PROFIT			25%	16%		24%	15%	25%	
TOTAL PRIVATE INVESTMENT	\$ 47,523,458		\$ 4,963,797	\$ 10,948,400	\$ 14,801,519	\$ 2,943,383	\$ 2,472,299	\$ 11,253,000	
CITY INVESTMENT (25 YEARS)									
LAND ACQUISITION (1.3 X TAX VALUE)									
CATALYST SITE #1	5.19 ACRES								
BRIDGE PROJECT ACQUISITION (DOT)	2.78 ACRES								
MURCHISON ROW WEST (GREENWAY ACQUISITION)	1.15 ACRES	\$ 1,151,007							
DEMOLITION & RELOCATION	150,000								
MURCHISON ROW EAST (SOUTHEAST PLAZA LOAN)	4.93 ACRES	\$ 280,649							
MURCHISON RD NORTHEAST (PARKSIDE)	10.07 ACRES								
ACQUISITION WRITEDOWN GRANTS		\$ 644,365							
DEMOLITION & RELOCATION	80,000								
CATALYST SITE #3	7.63 ACRES								
JASPER/MURCHISON	554,311								
DEMOLITION & RELOCATION	100,000								
ACQUISITION WRITEDOWN GRANTS	\$ 63,575								
TOTAL ACQUISITION/RELOCATION/DEMOLITION	\$ 3,004,707	\$ 1,301,007	\$ 280,649	\$ 418,365	\$ 207,529	\$ 513,952 (loan)	\$ 40,351 (residual land sale)		
*Difference between budget and sale price without						\$ 100,000	\$ 8,703 (grant)		
CITY SUBORDINATED MORTGAGE	\$ 1,320,000		\$ 700,000	\$ 1,296,002		\$ 620,000	\$ 968,032		
HOME BUYER AND MORTGAGE SUBSIDY	\$ 2,264,034		\$ 750,000			\$ 600,000			
RELOCATED TENANT RENT SUBSIDY (10 Yrs)	\$ 1,350,000		\$ 1,450,000	\$ 1,296,002		\$ 1,220,000	\$ 968,032		
TOTAL SUBSIDIES	\$ 4,934,034	\$ -	\$ 1,450,000	\$ 1,296,002		\$ 1,220,000	\$ 968,032		
TOTAL CITY CONTRIBUTION	\$ 8,538,801	\$ 1,301,007	\$ 1,750,649	\$ 1,921,886	\$ 98,481	\$ 2,388,824	\$ 1,086,066		
CITY FINANCIAL RETURN (25 YEARS)									
CITY DRUG COURT GRANTS	\$ 2,376,625		\$ 880,649	\$ 1,296,002		\$ 1,386,976	\$ 968,032		
HOME BUYER AND MORTGAGE PAYMENTS (PRINCIPAL ONLY)	\$ 2,264,034						\$ 40,351		
RESIDUAL LAND SALE (SITE # 3 BULLOCK/MURCH)	\$ 40,351								
ANNUAL PROPERTY TAX	\$ 10,396,142		\$ 1,827,700	\$ 2,879,332	\$ 5,212,500	\$ 1,465,774	\$ 1,001,275	\$ 4,143,561	
TOTAL CITY	\$ 5,890,262		\$ 600,634	\$ 1,097,875	\$ 1,987,500	\$ 559,892	\$ 404,699	\$ 1,229,702	
TOTAL CITY FINANCIAL RETURN	\$ 10,580,272	\$ -	\$ 3,227,983	\$ 5,273,209	\$ 7,200,000	\$ 3,411,642	\$ 2,474,317	\$ 1,229,702	
INVESTMENT RECOVERY PERIOD									
OTHER CITY BENEFITS									
JOBS									
PERMANENT	646		173	84		128	31	345	
CONSTRUCTION	382		46	24		41	20	180	
AFFORDABLE HOUSING UNITS	44								

EXHIBIT 6

DEVELOPMENT AND FINANCING SCHEDULE												
YEAR	1	2	3	4	5	6	7	8	9	10	11	12
CITY ACQUISITION												
CATALYST SITE #1												
BRIDGE PROJECT ACQUISITION												
MURCHISON RD WEST				\$ 1,151,067								
DEVELOPMENT & RELOCATION				\$ 75,000	\$ 75,000							
MURCHISON RD EAST (NOTESGRANTS)				\$ 934,014								
DEVELOPMENT & RELOCATION												
CATALYST SITE #3												
JASPER MURCHISON												
DEVELOPMENT & RELOCATION												
TOTAL ACQUISITION	\$ 3,604,767	\$ 1,189,686	\$ 100,000	\$ 934,014	\$ 155,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CITY DEVELOPER SUBSIDY (LAND CONSIGNEES INCLUDED IN ACQUISITION)												
JASPER PLAZA				\$ 620,000								
ROMAN PLAZA				\$ 700,000								
TENANT RENT SUBSIDY												
JASPER PLAZA												
ROMAN PLAZA												
HOMEBUYER 2ND MORTGAGE SUBSIDY												
UNIVERSITY TOWNHOMES (20 UNITS)												
PARKSIDE TOWNHOMES (24 UNITS)												
TOTAL SUBSIDIES	\$ 4,934,034	\$ -	\$ -	\$ 620,000	\$ 780,000	\$ 180,000	\$ 518,811	\$ 470,410	\$ 356,000	\$ 306,000	\$ 306,000	\$ 306,000
CITY FINANCIAL RETURN (25 YEARS)												
TOTAL CITY OUTLAYS	\$ 1,189,686	\$ 100,000	\$ -	\$ 1,554,014	\$ 335,000	\$ 518,811	\$ 518,811	\$ 470,410	\$ 356,000	\$ 306,000	\$ 306,000	\$ 306,000
CITY DEVELOPER LOAN PAYMENTS (INCLUDES LAND LOANS)												
JASPER PLAZA												
ROMAN PLAZA												
HOMEBUYER 2ND MORTGAGE PAYMENTS (INCLUDES INTEREST)												
UNIVERSITY TOWNHOMES (20 UNITS)												
PARKSIDE TOWNHOMES (24 UNITS)												
RESIDUAL LAND SALE												
(SITE #3 BULLOCKMURCH)												
ANNUAL PROPERTY TAX (CITY ONLY)												
JASPER PLAZA												
ROMAN PLAZA												
UNIVERSITY TOWNHOMES												
PARKSIDE TOWNHOMES												
HOTEL												
NEW PALACE SHOPPING CENTER												
TOTAL CITY RETURNS	\$ 9,350,570	\$ -	\$ -	\$ 22,356	\$ 87,532	\$ 47,181	\$ 133,844	\$ 141,007	\$ 266,707	\$ 325,627	\$ 335,066	\$ 367,431

EXHIBIT 41A

DEVELOPMENT AND FINANCING SCHEDULE														
CITY ACQUISITION	YEAR	13	14	15	16	17	18	19	20	21	22	23	24	25
CATALYST SITE #1														
BRIDGE PROJECT ACQUISITION														
MURCHISON RD WEST														
DEMOLITION & RELOCATION														
MURCHISON RD EAST (NOTES/GRANTS)														
DEMOLITION & RELOCATION														
CATALYST SITE #3														
JASPER/MURCHISON														
DEMOLITION & RELOCATION														
TOTAL ACQUISITION		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CITY DEVELOPER SUBSIDY (LAND LOANS/GRANTS INCLUDED IN ACQUISITION)														
JASPER PLAZA														
ROMAN PLAZA														
TENANT RENT SUBSIDY														
JASPER PLAZA		\$ 40,000												
ROMAN PLAZA		50,000												
HOMEBUYER 2ND MORTGAGE SUBSIDY														
UNIVERSITY TOWNHOMES (20 UNITS)														
PARKSIDE TOWNHOMES (24 UNITS)		216,000	216,000											
TOTAL SUBSIDIES		\$ 306,000	\$ 266,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
*LAND LOANS/GRANTS INCLUDED IN ACQUISITION														
TOTAL CITY OUTLAYS		\$ 306,000	\$ 266,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CITY FINANCIAL RETURN (25 YEARS)														
CITY DEVELOPER LOAN PAYMENTS (INCLUDES LAND LOANS)														
JASPER PLAZA		\$ 69,349	\$ 69,349	\$ 69,349	\$ 69,349	\$ 69,349	\$ 69,349	\$ 69,349	\$ 69,349	\$ 69,349	\$ 69,349	\$ 69,349	\$ 69,349	\$ 69,349
ROMAN PLAZA		49,482	49,482	49,482	49,482	49,482	49,482	49,482	49,482	49,482	49,482	49,482	49,482	49,482
HOMEBUYER 2ND MORTGAGE PAYMENTS (includes interest)														
UNIVERSITY TOWNHOMES (20 UNITS)		\$ 41,136	\$ 58,765	\$ 58,765	\$ 58,765	\$ 58,765	\$ 58,765	\$ 58,765	\$ 58,765	\$ 58,765	\$ 58,765	\$ 58,765	\$ 58,765	\$ 58,765
PARKSIDE TOWNHOMES (24 UNITS)			\$ 13,113	\$ 26,225	\$ 39,338	\$ 52,450	\$ 65,563	\$ 78,675	\$ 78,675	\$ 78,675	\$ 78,675	\$ 78,675	\$ 78,675	\$ 78,675
RESIDUAL LAND SALE														
(SITE # 3 BULLOCK/MURCH)														
ANNUAL PROPERTY TAX (CITY ONLY)														
JASPER PLAZA		\$ 22,356	\$ 22,356	\$ 22,356	\$ 22,356	\$ 22,356	\$ 22,356	\$ 22,356	\$ 22,356	\$ 22,356	\$ 22,356	\$ 22,356	\$ 22,356	\$ 22,356
ROMAN PLAZA		24,825	24,825	24,825	24,825	24,825	24,825	24,825	24,825	24,825	24,825	24,825	24,825	24,825
UNIVERSITY TOWNHOMES		21,489	21,489	21,489	21,489	21,489	21,489	21,489	21,489	21,489	21,489	21,489	21,489	21,489
PARKSIDE TOWNHOMES		42,472	54,270	66,068	66,068	66,068	66,068	66,068	66,068	66,068	66,068	66,068	66,068	66,068
HOTEL		79,500	79,500	79,500	79,500	79,500	79,500	79,500	79,500	79,500	79,500	79,500	79,500	79,500
NEW PANAMLEE SHOPPING CENTER		49,188	49,188	49,188	49,188	49,188	49,188	49,188	49,188	49,188	49,188	49,188	49,188	49,188
TOTAL CITY RETURNS		\$ 399,797	\$ 429,224	\$ 454,135	\$ 467,247	\$ 480,360	\$ 493,472	\$ 506,585	\$ 519,697	\$ 519,697	\$ 519,697	\$ 519,697	\$ 519,697	\$ 519,697

EXHIBIT 41B

